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Australian Communications and Media Authority

Communications report 2011–12

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Chairman

12 November 2012

Senator the Hon. Stephen Conroy
Minister for Broadband, Communications and the Digital Economy
Parliament House
Canberra ACT 2600

Dear Minister

ACMA Communications report 2011–12

I am pleased to provide you with the *ACMA Communications report 2011–12*.

This publication incorporates a report on telecommunications performance for 2011–12, prepared in accordance with section 105 of the *Telecommunications Act 1997*.

The statutory reporting obligations under the *Telecommunications Act 1997* are fulfilled in the following chapters of the communications report:

> 105(3)(a) and (b), which relate to the efficiency of supply of telecommunications services and the adequacy and quality of such services and billing information—Chapters 1, 3 and 5;

> 105(3)(c) and (d), which relate to carrier and carriage service provider obligations under Part 6 of the *Telecommunications Act 1997* with respect to industry codes and standards—Chapter 3;

> 105(3)(e) and (ea), and 105(4), which relate to industry performance in fulfilling universal service obligation and Customer Service Guarantee obligations—Chapter 3; and

> 105(5A), which relates to national interest matters and cooperation with law enforcement agencies—Chapter 2.

Please note that subsection 105(7) of the *Telecommunications Act 1997* requires that you table the report in each House of the Parliament within 15 sitting days of that House after you have received the report.

Yours sincerely

Chris Chapman

The ACMA *Communications report 2011–12* draws on data from a range of sources including the ACMA's own databases, information reported by industry, the ACMA's research using third-party public sources, and commissioned surveys and analysis.

The ACMA has a statutory reporting obligation that requires it to collect data from industry for monitoring and reporting purposes. However, as part of the Australian Government's regulation reform agenda, the ACMA will continue to work with industry participants to identify opportunities to streamline regulatory reporting arrangements.

Comments
The ACMA welcomes feedback on the communications report. Comments and enquiries about the scope, content and format of the report should be sent to communications.report@acma.gov.au.

Further information
For further information about the ACMA and links to the communications report, please go to engage.acma.gov.au/commsreport.

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Chairman's foreword

Chris Chapman, Chairman

The continued evolution of Australia's media and communications landscape consistently provides new challenges and opportunities for citizens participating in the digital economy, wherever they live. In a time of rapid network and service convergence, industry developments and changing consumer preferences, online activity continues to grow and has become more and more embedded in our daily lives.

The boundaries between mobile and fixed communications are becoming increasingly blurred. Australians can now keep in touch, access an increasing array of services online and watch online video at a touch of a button, in or outside the home. Within this landscape of change, the ACMA continues to support and encourage a dynamic communications and media sector, providing an effective regulatory environment that promotes industry innovation and competition, while protecting the interests of all Australians.

To support its work, the ACMA undertakes its highly regarded research and reporting program to support evidence-informed regulation. The *Communications report 2011–12* is a critical part of this program. This report is the seventh edition of our flagship publication since the ACMA's establishment on 1 July 2005.

The report forms a cornerstone of our communications report series, which includes a complementary suite of research reports. This series provides latest market intelligence, trend data and commentary on issues relating to the changing communications and media market in Australia, particularly in the context of convergence and the emerging digital economy.

This wider reporting program delivers on the ACMA's commitment to being forward-thinking and innovative, both in terms of the issues covered and how we make this information available. This year we have incorporated more commentary on key digital economy infrastructure developments such as the National Broadband Network, on developments relating to mergers and acquisitions in the face of increased competition and on the benefits to consumers from online participation. In recognition of the 11 million Australians who go online each month to access information or undertake research, we are making our research more accessible with greater use of social media tools to disseminate the work broadly and to encourage dialogue.

Through a process of continual review and innovation, the reporting program seeks to fulfil multiple roles that include statutory reporting, informing the community and decision-makers of current market trends and consumer behaviour, and encouraging debate on topical and emerging issues.

The ACMA *Communications report 2011–12* is a vital component of our research program. I trust you will find it a valuable resource and evidence base on our dynamic media and communications sectors.

Chris Chapman
Chairman

Introduction and executive summary

Introduction

Legislative basis

Section 105 of the *Telecommunications Act 1997* (the Act) requires the ACMA to report on the performance of carriers and carriage service providers (CSPs) with particular reference to consumer satisfaction, consumer benefits and quality of service. The ACMA fulfils this obligation by producing the annual communications report. Reflecting the establishment of the ACMA as a converged communications and media regulator, the broadcasting industry's performance in meeting regulatory obligations has been incorporated into the scope of the report since 2005.

Scope and structure

The *Communications report 2011–12* is structured as follows:

> Chapter 1—*The Australian communications and media market* presents an overview of changes in this market in Australia including key mergers and acquisitions, service provision and availability, and challenges to traditional business models in the face of changing consumer patterns of communications and media use. It also examines progress in the rollout of digital information infrastructure such as the 4G mobile networks and the National Broadband Network (NBN).

> Chapter 2—*National interest issues* discusses the performance of the emergency call services, the cost of maintaining communication interception capabilities, the disclosure of customer information, submarine cable infrastructure protection and radiofrequency interference complaints.

> Chapter 3—*Telecommunications consumer safeguards and quality of service* considers the performance of key safeguards such as the Customer Service Guarantee Standard (CSG Standard), priority assistance and the Network Reliability Framework. It also covers number portability, telemarketing and spam complaints, complaints to the Telecommunications Industry Ombudsman (TIO) and consumer satisfaction with communications services.

> Chapter 4—*Broadcasting industry regulatory performance* examines the performance of broadcasters in meeting their regulatory obligations such as broadcasting Australian content, notification of changes in media ownership and control, the digitalisation of broadcasting services, and complaints to the ACMA about broadcasting matters and prohibited online content.

> Chapter 5—*Consumer benefits from participating in the digital economy* describes key findings from ACMA research on consumer attitudes to the internet and perceptions of benefits from going online.

Complementary reporting program

The ACMA releases a suite of targeted reports that complement the *Communications report 2011–12*. These reports are to inform Australians, and more specifically ACMA stakeholders, about how convergence is transforming communications and media services and to facilitate the growth of the digital economy. These three reports are:

> *Report 1—Online video content services in Australia: Latest developments in the supply and use of professionally produced online video services.*

> *Report 2—Australia's progress in the digital economy: Participation, trust and confidence.*

> *Report 3—Smartphones and tablets: Take-up and use in Australia.*

The Communications report 2011–12 and related reports are available at engage.acma.gov.au/commsreport.

Executive summary

Key trends

Trends highlighted in the *Communications report 2011–12* show the ongoing impact of convergence on the communications and media sectors. In particular, this report examines changes in these sectors that could pose significant challenges to traditional regulatory regimes. These include changing consumer preferences and the growth in online and internet protocol (IP) service delivery.

These developments provide evidence of the emerging regulatory challenges but also of opportunities for innovation in the digital economy. Within this environment, the ACMA is continuing to inform the debate about future regulatory arrangements through work such as its 'occasional papers' series, including:

> *Broken concepts—The Australian communications legislative landscape* (released August 2011)

> *Enduring concepts—Communications and media in Australia* (released November 2011).

During 2011–12, the future of media policy and regulation has been examined by a number of reviews, including the Convergence Review, the Independent Media Inquiry (Finkelstein Review) and the Review of the National Classification Scheme, providing recommendations to government for consideration.

The communications and media market

Mergers and acquisitions

During 2011–12, the drive for economies of scale and market share increased competition and market consolidation. In addition, the rollout of key infrastructure projects such as 4G and the NBN influenced the acquisition of a number of strategic communications assets. Acquisitions of note included:

> iiNet's acquisitions of internet service providers (ISPs) Supernerd, TransACT and Internode for a total purchase price in excess of $165 million

> M2 Group's acquisition of Primus Australia for $192.4 million

> Optus's purchase of the assets of Vividwireless for $230 million

> FOXTEL's $2 billion acquisition of pay-TV provider Austar.

Mobile and IP communications

A number of key trends relating to the shift of consumer preferences towards mobile and IP communications continued during the reporting period:

> The number of fixed-line telephone services declined marginally by one per cent to 10.44 million. Australia's largest provider of fixed-line telephony services, Telstra, recorded a four per cent fall in service numbers, in line with the trend over recent years.

> The total number of mobile services in operation increased by three per cent to reach 30.2 million, approximately four mobile services to every three people in Australia. Net growth in mobile services was significantly lower than in 2010–11, which saw an increase of 13 per cent.

> The total number of mobile internet subscribers (including users of mobile phone handsets, dongles, data cards and USB modems) increased by nearly 22 per cent in the 12 months to June 2012 to 22.05 million.

- The total number of mobile phone users without a home fixed-line telephone increased by 24 per cent to 3.1 million adults (aged 18 years and over) at June 2012.
- The total number of smartphone users reached 49 per cent of adults at May 2012, up from 25 per cent at June 2011.
- The proportion of persons going online via their mobile handset increased from 21 per cent during June 2011 to 32 per cent during June 2012.
- The total number of users of internet telephony (voice over internet protocol—VoIP) increased by nearly 21 per cent to 4.3 million adults at June 2012.
- At June 2012, the total number of users of mobile VoIP increased by 133 per cent to 616,000. Over-the-top VoIP services via a home computer, laptop or tablet device increased by 28 per cent to 4.0 million users.

The digital economy

The continued development of Australia's digital economy has seen growth in internet subscriber numbers, frequency of internet use and volume of data downloaded, and increases in online activity.

- In the 12 months to June 2012, the number of internet subscribers increased by 17 per cent to 28.23 million.
- During the June quarter of 2012, the volume of data downloaded increased—421,147 terabytes of data were downloaded (including via mobile phone handsets), compared to 277,897 terabytes during the June 2011 quarter, an increase of 52 per cent.

During 2011–12:

- The number of Australians going online at least once a day increased by eight per cent to 10.8 million persons.
- The increase in data downloaded reflected growth in online streaming of digital media. The number of persons streaming:
  - user-generated video content increased by 67 per cent to reach 4.4 million persons during June 2012
  - TV programs increased by 47 per cent to 1.6 million persons during June 2012
  - radio services increased by 34 per cent to 1.2 million persons during June 2012.

Rollout of key digital economy infrastructure

Developments in the rollout of key digital economy infrastructure include:

- Telstra launching of the first commercial 4G service in Australia in September 2011, and activating 375,000 4G devices by June 2012.
- The NBN fibre network passing 38,914 premises, with a further 173,885 premises covered by NBN fixed wireless or interim satellite services at June 2012. Of premises passed, 3,867 had activated a fibre service, compared to 9,669 activating a fixed wireless or satellite service at June 2012.
- 43 NBN retail service providers in existence at June 2012.

The rollout of the NBN is particularly relevant with NBN Co forecasting that by 30 June 2016, 5.53 million premises will have been passed/covered by the NBN, with 58 per cent of these premises activating an NBN service.

National interest issues

Calls to emergency services increased during 2011–12. As the emergency call person (ECP) for Triple Zero and 112, Telstra continued to exceed performance criteria for emergency call answering. Disclosures of customer information by carriers and CSPs, and the cost to industry of maintaining interception capabilities both decreased over the period. During 2011–12:

Emergency call service:

> The number of calls to the emergency service numbers Triple Zero and 112 increased by just over six per cent to nearly 9.43 million.

> Calls made from mobile phones accounted for 67 per cent of calls to emergency service numbers, compared with nearly 64 per cent during 2010–11.

> Telstra, as the ECP, answered 95.8 per cent of calls to Triple Zero and 112 within five seconds and 98.9 per cent within 10 seconds.

> The number of genuine emergency calls via the National Relay Service (NRS) across all modes decreased to 465, compared to 511 calls made in 2010–11.

Interception:

> Disclosures of customer information made by carriers and CSPs under Part 13 of the Act or under the *Telecommunications (Interception and Access) Act 1997* (TIA Act) decreased by just over four per cent to 697,431.

> The cost to industry of providing interception capability declined by just over four per cent to $16.8 million.

> The number of connected records on the Integrated Public Number Database (IPND) increased by just over four per cent to 62.1 million.

Telecommunications consumer safeguards and quality of service

During 2011–12:

> Total payphone numbers declined by just under seven per cent to 31,032.

> The number of fixed-line telephone services in operation covered by the CSG Standard fell by just over two per cent to 7.12 million.

> The number of customers who waived their rights under the CSG Standard increased by 246 per cent to 228,243.

> The number of priority assistance customers increased by just over 15 per cent to 221,566.

> The number of call minutes relayed over the NRS decreased by just over seven per cent to 2,966,912.

> Porting of local numbers decreased by 11 per cent to 627,160 and mobile number ports increased by 39 per cent to 2,672,350.

> The number of telephone numbers registered on the Do Not Call Register (DNCR) increased by 22 per cent to 7.73 million.

> The number of complaints to the ACMA concerning potential breaches of the *Do Not Call Register Act 2006* (DNCR Act) increased by 18 per cent to 19,000.

> The number of new complaints to the TIO decreased by two per cent to 193,702.

> The majority of Australian communications consumers were generally satisfied with their communications services, although satisfaction with specific components of these services, such as customer service and charges, was generally lower. Overall satisfaction levels were

higher for internet users (87 per cent) than fixed-line telephone or mobile phone users (78 per cent and 73 per cent respectively). Levels of overall dissatisfaction with these three types of communications services ranged from three to eight per cent.

Broadcasting industry performance

Free-to-air commercial television licensees continued to meet mandated requirements for the broadcasting of Australian content. The transition to digital broadcasting continued, with new digital datacasting services introduced and several community television broadcasters moving to digital-only broadcasts.

During the 2011 calendar year:

- Free-to-air commercial television licensees met the 55 per cent transmission quota for overall Australian content, quotas for first-release Australian drama and documentaries, and the requirement for 80 per cent of advertising broadcasted to be Australian-sourced.

During 2011–12:

- New digital datacasting services were introduced, including TV4ME on channels 74 and 64, and Extra on Channel 94 and GOLD on Channel 84.
- The community television broadcasters—Channel C31 in Melbourne (Channel 44), TVS in Sydney (Channel 44), 31 Digital in Brisbane (formerly Briz31 and QCTV) and Digital 44 in Adelaide (formerly C31)—moved to digital-only services.
- The number of digital-only radio stations transmitting increased to 31 (20 in 2010–11).
- The number of people listening to digital radio on a weekly basis in Sydney, Melbourne, Brisbane, Perth and Adelaide increased by 38 per cent to 1.3 million.
- Digital television rollout reached 98 per cent (national services) and 93 per cent (commercial services) in regional areas, and 69 per cent (national services) and 41 per cent (commercial services) in remote areas. All required national and commercial metropolitan digital television broadcasting services had been rolled out in previous reporting periods.
- Complaints to the ACMA about:
  - broadcasting matters increased by 50 per cent to 2,273 written complaints and enquiries
  - online content increased by three per cent to 5,026.

Participating in the digital economy—consumer benefits

Australians are going online more often, indicating that the internet is an integral part of daily life. Internet usage is now mainstream, with 14.3 million persons aged 14 years and over (77 per cent of the total population aged 14 years and over) going online during June 2012 compared to 13.5 million (73 per cent) during June 2011. In terms of key measures:

- Australian internet users also highly value the ability to participate online, with 71 per cent agreeing that it has improved their everyday lives.
- Most Australians highly value the benefits of being able to undertake social and economic activities online. When assessing the importance the internet plays in everyday activities, Australians rate some activities higher than others:
  - 63 per cent reported that the internet is important to daily banking (checking bank balances and transferring funds)
  - 60 per cent reported that the internet is important to the daily paying of bills.
- Australians most highly valued the increased accessibility, convenience and time-efficiencies associated with undertaking activities online.

Key indicators—at a glance

Telecommunications services

Communication network and service providers

Network/services	Number of service providers or networks
PSTN voice	212
VoIP	212
Mobile service providers	156
ISPs	473
ISPs offering IPTV services	9
Cloud communications providers (Cloud PABX/voice)	38

PSTN=public switched telecommunications network.
Note: Includes resellers. CSP and ISP can provide multiple services.
Source: ACMA and Market Clarity Database, June 2012.

Number of services

	Jun-11	Jun-12	% change
Mobile services (voice and data)	29.28 m	30.20 m	+3.1%
Total internet subscribers	24.23 m	28.23 m	+16.5%
Mobile internet subscribers (includes mobile phone handset and mobile wireless subscribers)	18.11 m	22.05 m	+21.8%
Payphones (Telstra-operated and privately owned)	33,201	31,032	–6.5%
Fixed-line telephone services†	10.54 m	10.44 m	–0.9%
Number of telephone services covered by the CSG Standard	7.29 m	7.12 m	–2.3%
Home VoIP users‡	3.60 m	4.34 m	+20.6%
Mobile phone VoIP users‡	0.264 m	0.616 m	+133.3%
Internet services (subscribers)*§	10.91 m	12.04 m	+10.4%
Broadband internet subscribers§	10.34 m	11.60 m	+12.2%
Mobile wireless broadband (dongle/datacard services)*	4.79 m	5.86 m	+22.5%
ADSL	4.49 m	4.63 m	+3.1%
Cable and fibre	0.91 m	0.97 m	+6.6%
Satellite	0.11 m	0.094 m	–11.3%
Dial-up	0.57 m	0.44 m	–22.8%
Mobile phone handset internet subscriptions	13.32 m	16.19 m	+21.5%

m=million. n/a=not available. n/p=not provided.
**Source: ABS.*
†Includes PSTN and other fixed-line telephone service providers.
‡Roy Morgan Single Source: estimate relates to number of VoIP users aged 18 years and over.
§Includes mobile wireless dongle/datacard services. Excludes mobile handset internet services.
Note: Counts of subscribers published in previous ACMA reports may vary due to ABS revisions.

Digital economy

Volume of data downloaded

	Quarter ending June 2011	Quarter ending June 2012	% change
Fixed-line broadband*	254,947 TB	389,130 TB	+52.6%
Wireless broadband†	19,149 TB	25,301 TB	+32.1%
Mobile handset internet	3,695 TB	6,610 TB	+78.9%
Total volume of data downloaded	**277,897 TB**	**421,147 TB**	**+51.5%**
Average volume of data downloaded per subscriber (including mobile phone handsets)	11.47 GB	14.92 GB	+30.1%
Average volume of data downloaded per subscriber (excluding mobile phone handsets)	25.14 GB	34.44 GB	+37.0%

TB=terabyte. GB=gigabyte.
**ADSL, cable, fibre and other wired broadband services.*
†Includes satellite, fixed wireless, mobile wireless via a datacard, dongle or USB modem and other wireless broadband. Excludes subscriptions via mobile handsets.
Note: The volume of data downloaded via dial-up internet services is not shown separately but is included in the total.
Source: ABS.

Online participation by Australians

	Jun-11	Jun-12	% point change
Ever used the internet*	91%	93%	+2
Used the internet outside of the home*	58%	58%	nil
Used the internet via their mobile phone (during June)*	21%	32%	+11
Small and medium enterprises (SMEs) online			
SMEs using social networking channels for business purposes‡	18%	27%	+9
SMEs with a broadband connection	95%	95%	nil
SMEs using smartphones	46%	63%	+17
SMEs using tablet computers	16%	29%	+13
Email	96%	97%	+1
Banking	91%	91%	nil
Product and information research	91%	89%	–2
Internet users online activities (during June)*			% change
Communications	10.08 m	11.18 m	+11%
Research and information searches	10.19 m	10.97 m	+8%
Banking or financial activities	9.14 m	9.65 m	+6%
Buying, selling or shopping	6.16 m	7.81 m	+27%
Accessing broadcast content online (during June)*			
Streamed TV shows online	1.056 m	1.556 m	+47%
Downloaded TV programs	0.974 m	1.161 m	+19%
Streamed radio online	0.912 m	1.224 m	+34%
Web traffic activity (occurring during June)†			
Number of web pages viewed	n/a	43.7 b	n/a
Average time spent online (hrs:mins)	n/a	81:34	n/a

Domain name registrations under .au§	2.12 m	2.44 m	+15%
Persons accessing main online news sites	n/a	12.27 m	n/a

m=million. b=billion. n/a=not available. UGC=user generated content.
**Relates to Australians aged 14 years and over.*
†Relates to home internet users aged two years and over.
‡In the six months to May 2012. Relates to internet users aged 18 years and over. Data not comparable to 2011 results due to methodological differences.
§Excludes '.gov.au'.

Licensed services

Broadcasting licences

Licence type	30 June 2011	30 June 2012
Commercial radio broadcasting licences	273	273
Community radio broadcasting licences	356	362
Temporary community radio broadcasting licences	106	96
Commercial television broadcasting licences	69	69
Community television broadcasting licences*	81	81
Subscription television broadcasting licences†	2,728	2,719

**Relates mostly to Indigenous television services.*
†Each subscription service is licensed separately.
Note: Number of subscription television licences previously published for June 2011 has been revised down due to 31 formerly surrendered licences being overlooked in 2010–11.

Telecommunications licences

Licence type	30 June 2011	30 June 2012
Licensed carriers	191	187
Licensed or registered cablers	65,696	67,637

Apparatus licences

	30 June 2011	30 June 2012
Aeronautical	2,048	2,106
Aircraft	12	11
Amateur	15,672	15,760
Broadcasting	9,644	10,091
Defence	78	74
Earth	481	579
Earth receive	532	581
Fixed	43,592	44,140
Fixed receive	999	1,012
Land mobile	64,628	68,905
Major coast receive	17	17
Maritime coast	3,541	3,504
Maritime ship	8,089	7,884
Outpost	4,446	4,106
Public telecommunications service	648	657
Radiodetermination	2,837	2,899
Scientific	445	504
Space	74	102
Space receive	307	338
Total	**158,090**	**163,270**

Note: Figures include multi-year licences.

Financial information

Radiocommunications apparatus licences revenue raised by the ACMA

Type of licence	2010–11 $million	2011–12 $million
Assigned licences		
Public telecommunications service	76.9	56.3
Fixed	53.4	55.2
Land mobile	17.9	18.4
Satellite*	4.2	6.5
Defence	8.7	10.2
Other	2.4	1.2
Total assigned licences	**163.6**	**147.8**
Non-assigned licences	*1.4*	*1.2*
Total	**165.1**	**149.1**

**Includes Earth, space, Earth receive and space receive licences.*

Revenue raised by the ACMA

	2010–11 $million	2011–12 $million
Telephone number revenue		
Revenue from smartnumbers auctions	2.1	1.7
Revenue from annual numbering charge	60.0	60.0
Broadcasting licence fees	150.4	231.2

Universal service obligation (USO) subsidy
The total 2011–12 USO subsidy was $145 million.

Telecommunications revenue

	2007–08	2008–09	2009–10	2010–11	2011–12
Total eligible revenue of carriers	$26.8 b	$28.1 b	$28.6 b	$28.8 b	n/a
Revenue from carrier licence charges	$37.1 m	$36.2 m	$39.5 m	$37.7 m	$38.1 m

b=billion. m=million. n/a=not available.

Number portability and allocations

Number portability

	2010–11	2011–12	% change
Local geographic numbers ported	702,369	627,160	–11%
Mobile numbers ported*	1,896,016	2,627,350	+39%

**Figures for 2010–11 revised due to Optus providing amended data.*

National Relay Service

	2010–11	2011–12	% change
Volume of call minutes	3,204,383	2,966,912	–7%

Quantity of numbers allocated by number type

Type of number	2010–11	2011–12
Geographic	1,072,800	2,664,600
Digital mobile	5,900,000	6,400,000
Mobile network codes	n/a	4
Mobile number codes	2	n/a
International signalling point codes	7	n/a
LICS*	2,000	7,000
Total numbers allocated	**6,974,809**	**9,064,604**

n/a=not available.
**Location Independent Communications Service.*

National interest matters

Integrated Public Number Database (IPND)

	2010–11	2011–12	% change
Number of connected records on the IPND	59.5 m	62.1 m	+4%

m=million.

Call volumes to emergency call service numbers Triple Zero and 112

Year	2007–08	2008–09	2009–10	2010–11	2011–12
Total number of calls offered	12,220,196	10,301,011	8,833,683	8,867,191	9,429,595
Total number of calls answered	90.8%	93.1%	95.4%	95.8%	96.0%

Cost to carriers and CSPs of maintaining interception capabilities

2010–11	2011–12	% change
$17,506,026	$16,841,846	–4%

Disclosures of customer information by carriers and CSPs

2010–11	2011–12	% change
729,422	697,431	–4%

Telecommunication and broadcasting service complaints and investigations

TIO complaint statistics

	2010–11	2011–12	% change
New complaints	197,681	193,702	–2%
New complaint issues by service type			
Internet	95,286	75,362	–21%
Fixed-line telephone	116,569	88,121	–24%
Mobile phone	287,220	296,065	+3%
Mobile premium services	4,725	5,158	+9%
Total	**503,800**	**464,706**	**–8%**

Note: The TIO has taken a new approach to reporting complaint statistics. TIO complaint issues data now includes only the number of new complaint issues received by the TIO, representing individual consumers whose complaints have not been solved by service providers. Data prior to 2009–10 and data published in previous ACMA communications reports included all complaint issues and is therefore not directly comparable.
Source: TIO.

Telemarketing investigations

	2010–11	2011–12	% change
Complaints received	19,711	21,969	+11%
Complaints raising potential breaches of the DNCR Act/Telemarketing Industry Standard	16,036	19,000	+18%

Spam reports

	2010–11	2011–12
Number of complaints, reports and enquiries to the ACMA about spam	31,396	226,816

Note: 2010–11 complaints data are part-year figures, so data is not directly comparable.

Number of broadcasting complaints and investigations*

	2007–08	2008–09	2009–10	2010–11	2011–12
Telephone enquiries and complaints	429	308	385	n/a	n/a
Written enquiries and complaints	789	1,464	1,676	1,512	2,273
Investigations completed	136	194	189	197	232
Investigations resulting in breach finding*	47	80	74	72	71
Investigations resulting in non-breach finding*	89	109	111	115	156
Investigation concluded where, for example, the complaint is withdrawn				10	5

n/a=not available.
**Investigations against a code of practice, licence condition, standard and/or provision of the Broadcasting Services Act 1992.*
Note: Sum of categories does not equal total number of investigations completed due to exclusion of completed investigations with no finding; for example, where the complaint is withdrawn.

Internet content investigations

	2007–08	2008–09	2009–10	2010–11	2011–12
Complaints received	1,122	1,182	3,212	4,865	5,026
Investigations leading to finding of prohibited content	475	618	1,328	1,338	2,011
Items actioned (hosted in Australia)	15	7	25	12	7
Items actioned (overseas-hosted)	786	1,356	1,907	1,945	2,004

Digital television

Households that had converted their main TV set to digital television

	June 2011	June 2012
	82%	82%

Source: DBCDE, Digital Tracker Summary Report Quarter 2 April to June 2012.

Chapter 1

The Australian communications and media market

Overview

Chapter 1 provides an overview of major developments in the provision and use of communications and media services in Australia. This includes key mergers and acquisitions, service provider offerings, challenges to existing business models, and the provision and take-up of emerging services. Developments relating to key digital economy infrastructure such as the NBN are also examined. Key developments during 2011–12 included:

Industry mergers and acquisitions

> A continuing trend towards industry consolidation, with communications and media players striving for economies of scale in an environment of increasing competition through mergers and acquisitions. In addition, the continuing rollout of new digital economy infrastructure such as 4G mobile networks and the NBN has also been a catalyst for the purchase of strategic communication assets.

NBN

> 38,914 premises passed by the NBN fibre network, with a further 173,885 covered by NBN fixed wireless or interim satellite services at June 2012.

> Of premises passed by the fibre network, 3,867 had activated a fibre service at June 2012, compared to 9,669 activating fixed wireless or satellite services.

> NBN Co forecasts that, by 30 June 2016, 5.53 million premises will have been passed by the NBN with 58 per cent of premises passed activating an NBN service.

> 43 NBN retail service providers in existence at June 2012.

Fixed-line telephone services

> Fixed-line telephone service numbers declining by one per cent to reach 10.44 million services. In contrast, 3.1 million adult mobile phone users (aged 18 years and over) did not have a home fixed-line telephone at June 2012, a 24 per cent increase over the reporting period.

Mobile services

- Mobile services in operation reaching 30.2 million, approximately four mobile services for every three people in Australia. In relation to growth in mobile services:
  - Net increase in service numbers (three per cent) was significantly lower than in 2010–11 (13 per cent).
  - Growth in take-up of mobile internet and smartphones continues to be critical to growth of this sector, with:
    - mobile handset internet subscribers increasing by almost 22 per cent in the 12 months to June 2012 to reach 16.19 million subscribers
    - 49 per cent of adult Australians using a smartphone at May 2012, up from 25 per cent at June 2011
    - mobile internet subscribers accounting for 78 per cent of total subscribers at June 2012, up from 75 per cent at June 2011.
- Telstra increasing its mobile service market share at the expense of Vodafone Hutchison Australia (VHA), with Optus's share of mobile service remaining unchanged. In September 2011, Telstra also became the first mobile carrier to launch commercial 4G services, activating more than 375,000 4G devices by June 2012.

Internet services

- At June 2012, there were 28.23 million internet subscribers, a nearly 17 per cent increase since June 2011.

Online video content services

- Increased availability of professionally produced online video content (OVC) services such as subscription IPTV and catch-up television services. At June 2012:
  - nine ISPs in Australia were providing subscribers with access to IPTV services, with all free-to-air television broadcasters offering audiences online catch-up television services
  - use of catch-up television is leading the adoption of other OVC services, with an estimated 1.6 million persons aged 14 years and over having used catch-up services during June 2012, compared to just over one million during June 2011. This compared with an estimated penetration level for subscription IPTV services of five per cent of internet-connected households at June 2012.

Communications industry

Key acquisitions and mergers

The search for economies of scale in an environment of increasing competition continues to be the major driving force for consolidation in the Australian communications sector.[1] In addition, the ongoing rollout of the NBN and 4G networks has been a stimulus to the purchase of a number of assets in expectation of the transition to an NBN and 4G service environment (Table 1.1). The most significant developments in relation to industry consolidation over the period have included:

- iiNet's $165 million+ acquisition of Supernerd, TransACT and Internode within the space of three months and TPG's acquisition of a 7.24 per cent stake in iiNet.
- M2 Group's acquisition of Primus Australia for $192.4 million from its US parent.
- Optus's purchase of the assets of Vividwireless for $230 million from Seven Group Holdings with Optus planning to use the company's substantial wireless broadband assets (2.3 GHz wireless spectrum) to help it build its 4G network.
- FOXTEL's $2 billion acquisition of pay-TV provider Austar.

There were also examples of companies looking to expand beyond traditional business lines, such as Panasonic (electronics manufacturer) finalising distribution deals with Telstra (for Bigpond movies) and Netflix.[2]

Number of service providers in operation

Table 1.2 shows that in the 12 months to June 2012, key shifts took place in several areas of the communications service market, including continued market consolidation, the ongoing NBN rollout and the continuing rise in the popularity of mobile internet access. According to Market Clarity, during 2011–12 the number of ISPs in Australia fell slightly (two per cent) to 473.

There was significant growth in a number of areas, mostly associated with the NBN rollout. The number of ISPs offering fibre internet access—including NBN services—increased from 56 to 80 during 2011–12, with an increase in the number of ISPs offering fixed-wireless broadband (from 82 to 101). The increase in the number of fixed-wireless broadband providers reverses the dramatic retraction of this market seen in recent years.[3] ISPs offering 3G internet services increased by 16 per cent. Public switched telecommunications network (PSTN) and VoIP service provision grew by 18 and 20 per cent respectively.

In addition to voice and data services, at June 2012 there were nine ISPs providing access to IPTV services and 38 providers of cloud communication services.

Table 1.1 Key mergers/acquisitions in the Australian communications sector, June 2011–12

Purchaser	Target	Date	Value	Commentary
iiNet	TransACT	November 2011	$60 m	Had 40,000 subscribers at the time of acquisition in ACT and Victoria, plus fibre and cable assets
	Internode	December 2011	$105 m	Had 190,000 broadband subscribers and some 260,000 active services at the time of acquisition
	Supernerd	September 2011	Undisclosed	Had 4,000 Melbourne-based residential customers
TPG	iiNet (7.24 per cent)	4.4 per cent stake in October 2011, reaching 7.24 per cent in November 2011	In excess of $10 m	TPG described its purchase of iiNet shares as purely a 'strategic investment', remaining below regulatory reporting thresholds
	Intrapower	July 2011	$12.8 m	Intrapower is a cloud services provider
Optus	Vividwireless assets (from Seven Group Holdings)	February 2012	$230 m	Optus publicly stated that it had bought Vividwireless's assets (in particular, 2.3 GHz wireless spectrum) to assist it to build its 4G network
ClubTelco	Eftel (merger)	July 2011	$9.6 m	Estimated to have 120,000 active DSL services at the time of merger
Eftel	West Australian Networks	June 2012	Undisclosed	The purchase includes approximately 1,500 business and residential DSL customers and all intellectual property of West Australian Networks
	Platform Networks	August 2011	Undisclosed	Platform was a wholesale telecommunications service provider. Core products provided, Ethernet, DSL data services and data centre solutions
M2 Group	Primus Australia	April 2012	$192.4 m	Primus has about 165,000 customers (a mixture of residential, small and medium business, corporate and wholesale). M2 indicated that the purchase would position it to 'take full advantage of the shift to fibre-optic based telecommunications'.[4]

FOXTEL	Austar	April 2012	$2 b	The ACCC announced it would not oppose the proposed acquisition after court-enforceable undertakings were accepted by FOXTEL preventing them from acquiring exclusive IPTV rights for a range of attractive television program and movie content.

m=million. b=billion.
Source: Company media releases and news websites.

Table 1.2 Number of communications services providers, Australia

Communications service provider category	June 2011	June 2012
Number of PSTN voice providers	179	212
Number of VoIP providers	176	212
Number of mobile service providers	145	156
Number of ISPs	484	473
ISPs offering dial-up	297	221
ISPs offering 3G	165	191
ISPs offering HFC	11	6
ISPs offering satellite internet	33	27
ISPs offering fibre internet access (incl. NBN)	56	80
ISPs offering NBN services	n/a	43
ISPs offering fixed-wireless	82	101
ISPs offering IPTV services	n/a	9
Number of cloud communications providers (Cloud PABX/voice)	n/a	38

n/a=not available. HFC=hybrid fibre coaxial cable.
Note: Counts of providers include retailers, wholesalers, mobile virtual network operators (MVNOs) where relevant, and providers servicing the residential, business and government sectors. Service providers can be in more than one category. Cloud service providers offer on-demand information and communications technology services.
Source: Market Clarity, June 2012.

Fixed-line service availability

Fixed-line voice services

There were 10.44 million fixed-line telephone services in operation at June 2012, compared to 10.54 million services at June 2011, a net decline of around one per cent.

Telstra's fixed-line telephone services in operation continued to decline, with 8.06 million services in June 2012. This is a decline of 3.7 per cent (approx 310,000) for 2011–12, compared with 3.3 per cent during 2010–11 (Table 1.3).

Telstra also reported an 11 per cent decline ($538 million) in its PSTN product revenue during 2011–12, compared to a $480 million decline during 2010–11.[5]

Table 1.3 Number of fixed-line telephone services in operation

All CSPs	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	% change from Jun-11 to Jun-12
Retail	9.40 m	9.17 m	9.12 m	9.15 m	9.01 m	–1.5%
Wholesale	1.60 m	1.50 m	1.47 m	1.39 m	1.43 m	+2.9%
Total	**11.00 m**	**10.67 m**	**10.59 m**	**10.54 m**	**10.44 m**	**–0.9%**

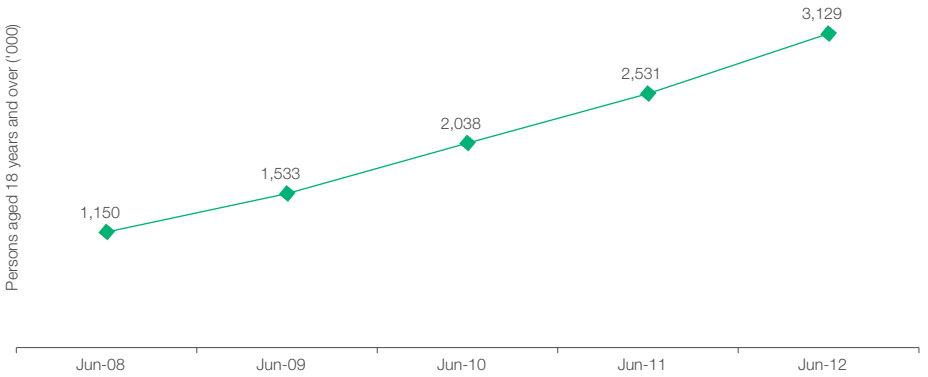
Telstra services only	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	% change from Jun-11 to Jun-12
Retail	7.87 m	7.73 m	7.41 m	7.16 m	6.88 m	–3.9%
Wholesale	1.50 m	1.29 m	1.25 m	1.21 m	1.18 m	–2.5%
Total	**9.36 m**	**9.02 m**	**8.66 m**	**8.37 m**	**8.06 m**	**–3.7%**

m=million.
Note: Retail refers to residential and business services provided on own network.
Source: The ACMA annual industry data request covering Telstra, Optus, iiNet group, TPG, AAPT, Primus.

The shift from fixed-line telephony

The decline in fixed-line telephone services and revenues reflects changing patterns of consumer communications usage, such as disconnecting fixed-line telephones or favouring other communication channels. Just over 18 per cent of adults aged 18 years and over (3.1 million persons) did not have a fixed-line telephone connected in their home at June 2012, an increase of 24 per cent since June 2011 (Figure 1.1).

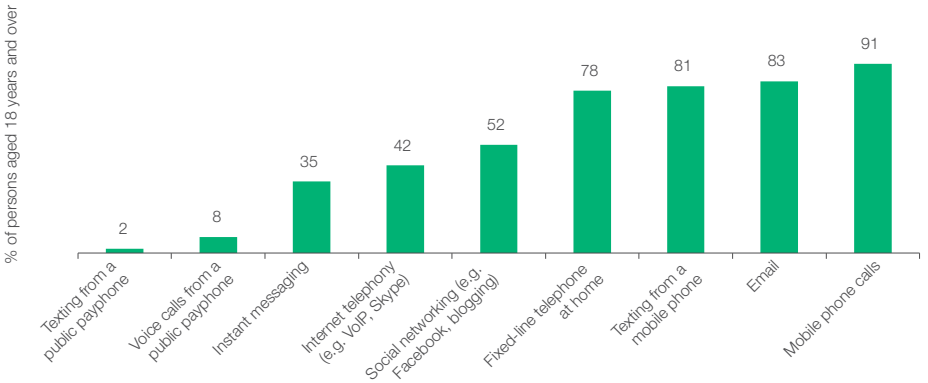
Figure 1.1 Growth in population with a mobile phone and no fixed-line telephone



Source: Roy Morgan Single Source, June 2012.

The ACMA's consumer research reveals the diversity of the communications services used by Australians (Figure 1.2).

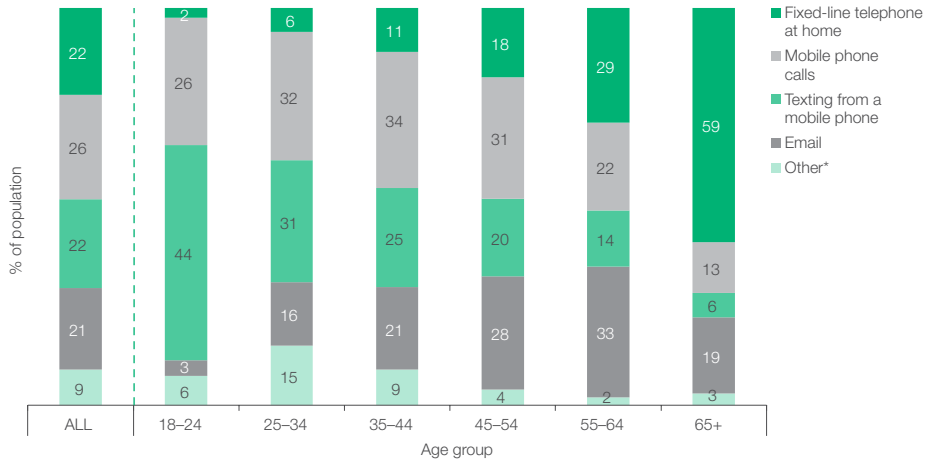
Figure 1.2 Communications services currently used, May 2012



Base: Persons with a fixed-line and/or mobile telephone.
Source: ACMA-commissioned research, May 2012.

The preference for communication services other than the home fixed-line telephone is further reinforced by Figure 1.3. The only group where a fixed-line telephone is the most used service is persons aged 65 years and over, with mobile phone communications the most used services for persons aged 18–54 years.

Figure 1.3 Communications service most used, May 2012

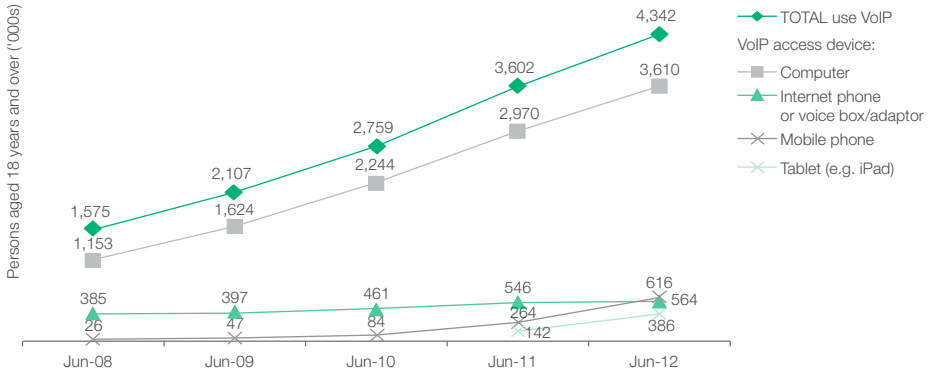


**Includes social networking, instant messaging, VoIP, etc. Numbers may not add to 100 per cent due to rounding.*
Base: Persons with a fixed-line and/or mobile telephone.
Source: ACMA-commissioned research, May 2012.

The increasing capacity of mobile phones to deliver converged communications, combining access to SMS/MMS and voice services with internet-based communications such as VoIP, email and social networking, makes the mobile phone the main challenger currently to the fixed-line telephone. This is despite continued growth in the use of internet telephony or VoIP services that are accessible by computers and devices other than the mobile phone.

The number of VoIP users increased by nearly 21 per cent to 4.3 million users aged 18 years and over at June 2012. The majority of growth has occurred in the use of computer/tablet-based VoIP (such as Skype), which accounted for the majority of VoIP users in Australia at June 2012 (Figure 1.4). These services are largely used as a complement to either a mobile phone or a traditional fixed-line telephone or both, with 99 per cent of computer/tablet VoIP users also using a mobile phone and 78 per cent also using a fixed-line home telephone at June 2012.[6]

Figure 1.4 Take-up of VoIP services by household consumers



Note: Multiple responses allowed, so components do not add to total. Computer VoIP refers to use of a PC/laptop computer and excludes tablet devices.
Source: Roy Morgan Single Source, June 2012.

Mobile service availability

Number of mobile services in operation

At June 2012, there were an estimated 30.2 million mobile voice and data services in operation in Australia, which is four mobile services for every three people. The three per cent growth in mobile services in operation was significantly lower than the 13 per cent increase recorded for the 2010–11 period (Table 1.4).

During 2011–12, mobile service providers continued to face intense competition, particularly for market share. Recent Australian research identified that the monthly average revenue per user (ARPU) for these services was approximately $30–$35 at June 2012, a decline of nearly 50 per cent since December 2008.[7]

In terms of the performance of Australia's three mobile carriers, a number of significant developments occurred during 2011–12:

> Telstra recorded a net increase in mobile services of 1.6 million, bringing its total mobile subscriber base to 13.8 million.

> In September 2011, Telstra became the first mobile carrier to introduce commercial 4G services.[8]

> Optus recorded a net increase in mobile services of approximately 416,000 to reach a total of 9.5 million at 30 June.[9] In May 2012, Optus and VHA announced that they had agreed to share base stations and other resources. This saw Optus gain access to 1,000 Vodafone sites and VHA gain access to 400 Optus sites. VHA customers will also be able to roam on the Optus network in some areas.[10]

> VHA recorded a net decline in mobile services in operation of 357,000, bringing its total customer base to 6.8 million.[11] In 2011, VHA committed to a $1.1 billion network upgrade, which included 775 new mobile network sites and upgrades to a further 810 sites.[12]

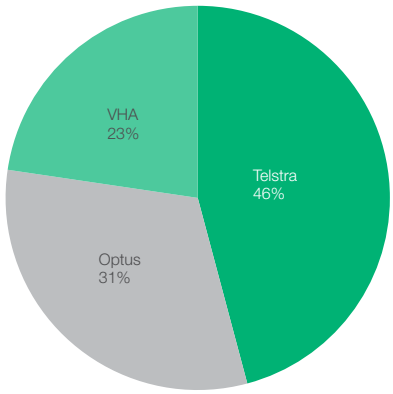
Table 1.4 Mobile services in operation

	Jun-10	Jun-11	Jun-12	% change from Jun-11 to Jun-12
Prepaid	10.71 m	11.23 m	11.64 m	+3.7%
Post-paid	15.28 m	18.05 m	18.56 m	+2.8%
Total	**25.99 m**	**29.28 m**	**30.20 m**	**+3.1%**

m=million.
Note: Figures include wholesale and retail services and wireless broadband data services provided via data cards, dongles or USB modems.
Source: The ACMA annual industry data request.

During the 2011–12 reporting period, Telstra increased its share of mobile services in operation to 46 per cent (Figure 1.5), compared to 42 per cent at June 2011. Optus's market share remained unchanged and VHA's share of declined by four percentage points to reach 23 per cent at June 2012.[13]

Figure 1.5 Carrier share of mobile services in operation, June 2012



Source: Carrier annual reports.

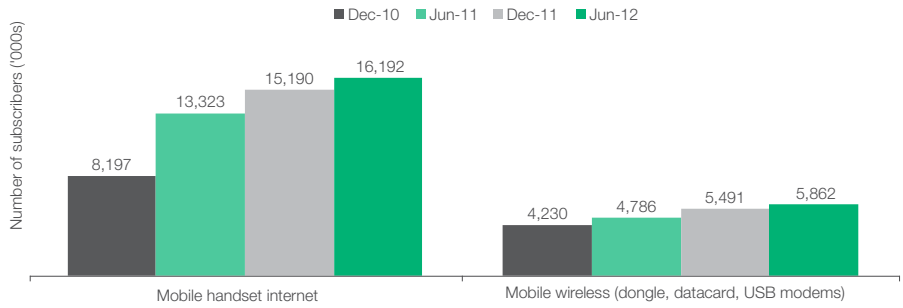
Churn in mobile service provider

ACMA research shows that approximately 16 per cent of adult mobile phone users (aged 18 years and over) in Australia changed their mobile service provider in the 12 months to May 2012. The top two reasons were better network coverage and cheaper call rates (both 28 per cent). A further 14 per cent of consumers changed their mobile service provider due to dissatisfaction with the level of customer service.[14]

Mobile internet services

Growth in mobile services continues to be driven by take-up of mobile internet (using mobile phone handset internet, dongle, datacard or USB modem services). Latest ABS data shows that at June 2012, there were nearly 5.86 million mobile wireless internet subscribers and a further 16.19 million mobile handset internet subscribers. This was an increase of approximately 23 per cent and 22 per cent respectively since June 2011 (Figure 1.6). Given overall growth in the total number of mobile voice and data services in Australia was only three per cent during 2011–12, the significant increase in mobile internet subscribers continues to be a major driver of the take-up of mobile services, particularly in conjunction with the increasing popularity of smartphones in the Australian market.

Figure 1.6 Mobile internet subscribers in Australia



Note: ABS has revised some mobile handset internet subscriber figures published in previous ACMA reports.
Source: ABS, 8153.0–Internet Activity, Australia*, June 2012.*

ACMA research shows that 51 per cent of Australian adults (nine million persons) had used the internet via their mobile handset during the six months to May 2012. Other research confirms the strong growth in mobile phone internet usage in Australia. For example, during June 2012, an estimated 6.0 million Australians used the internet via their mobile phone compared to 3.9 million during June 2011.[15]

Supply-side factors likely to continue to contribute to the growth of mobile phone internet usage (other than the increasing data capacity of mobile networks) include the development of mobile applications and content services, the increase in mobile data allowances, and the increased take-up of smartphones into the Australian market.[16] These factors have been instrumental in the development of mobile phones as affordable and functional communications technology, able to meet the everyday communications and data needs of Australians wherever they are.

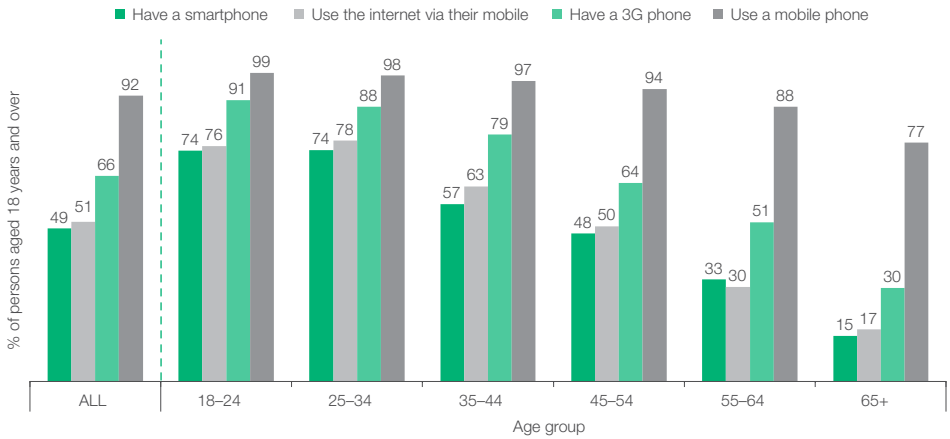
Consumer research shows that of adult mobile phone users in Australia:[17]

> 50 per cent had downloaded a mobile application during June 2012, compared to 46 per cent during June 2011

> 49 per cent had an estimated monthly mobile data allowance of one gigabyte or more at June 2012, compared to 35 per cent at June 2011.

At May 2012, 49 per cent of the population were estimated to use a smartphone compared to 25 per cent at June 2011, with smartphone usage peaking at 74 per cent for persons aged 18–34 years (Figure 1.7).[18]

Figure 1.7 Type of mobile phone internet use and handset type

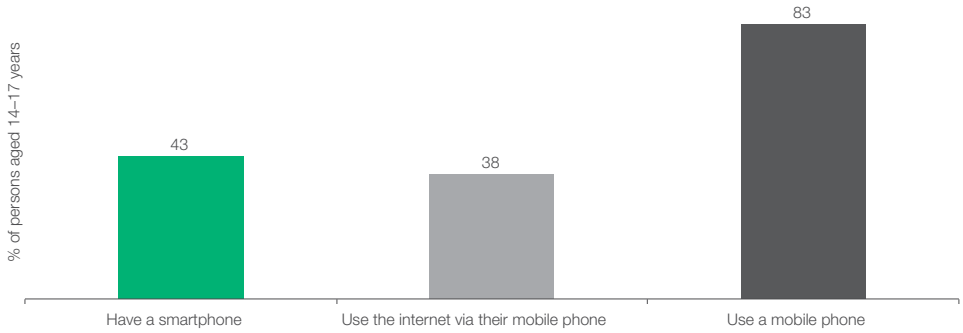


Base: Persons with a fixed-line and/or mobile telephone.
Note: Mobile phone internet use is for the six months to May 2012. A smartphone is a mobile phone built on a mobile operating system, with more advanced computing capability and connectivity. Examples of smartphones include Apple iPhone, Android phones such as HTC Desire and Samsung Galaxy, Windows mobile phones such as the Nokia Lumia 800 and HTC Mozart, Blackberries.
Source: ACMA-commissioned research, May 2012.

Youth market

As shown in Figure 1.8, persons aged 14–17 in Australia generally have lower overall levels of mobile take-up, smartphone adoption and mobile phone internet usage than for all groups except older Australians. Possible reasons for this include young people's reduced earning capacity and greater likelihood of relying on parental support to pay mobile phone bills.

Figure 1.8 Mobile phone users aged 14–17



Base: Persons with a fixed-line and/or mobile telephone. Internet use relates to activities performed online during June.
Source: Roy Morgan Single Source, June 2012.

Internet service availability

Number of internet services

At June 2012, there were 473 ISPs operating in the Australian market, a marginal decline from 484 at June 2012.[19] This decrease has been influenced by a number of mergers and acquisitions such as iiNet's takeover of TransACT in November 2011 and Internode in January 2012. Table 1.5 provides a snapshot of the internet services in operation (SIOs) for the dominant ISPs in the Australian market—Telstra, Optus, iiNet and TPG.

Table 1.5 SIO for key Australian ISPs at June 2012

ISP	('000)	Internet SIO
Telstra[20]	4,672	Total fixed internet subscribers
	2,599	Fixed broadband retail
	767	Fixed broadband wholesale
	1,306	ISDN access (basic line equivalents)
	3,118	Mobile broadband (data card)
Optus[21]	1,034	Total fixed internet subscribers
	993	On-net broadband customers*
	20	Off-net
	21	Dial-up
	1,570	Wireless mobile broadband subscribers†
iiNet‡ [22]	869	Total fixed internet subscribers
	548	On-net
	291	Off-net
	30	Dial-up
	93	Mobile
TPG§ [23]	595	Total fixed broadband subscribers
	98	Off-net broadband
	497	On-net broadband
	255	Mobile subscribers//

**Optus on-net includes HFC, ULL and business-grade broadband customers.*
†Wireless broadband subscribers are those with an HSPA broadband service. Excludes data packs attached to voice services.
‡iiNet figures includes new customers from acquisition of TransACT in November 2011 and Internode in January 2012.
§TPG figures are for July 2012.
//Includes Soul Mobile and TPG Mobile subscribers.
Note: Includes re-sale figures.
Source: Company websites.

The most notable aspect of the internet access market in Australia has been the continued growth of mobile internet services, comprising mobile handset internet subscribers and mobile wireless internet—including dongle, datacard and USB modem services—and the diversification of devices used to access the internet.

At June 2012, there were 28.23 million internet subscribers in Australia, of whom 78 per cent were mobile internet subscribers. This compares to 24.23 million internet subscribers at June 2011, of whom 75 per cent were mobile internet subscribers (Table 1.6). The critical role mobile internet has played in driving growth in the internet access market in Australia is further reflected by the fact that in the 12 months to June 2012:

> mobile wireless subscribers increased by almost 23 per cent to reach 5.9 million

> mobile handset internet subscribers increased by nearly 22 per cent to reach 16.2 million

> other internet subscribers (excluding dial-up) increased by just over three per cent to reach 5.74 million.

During the 2011–12 period, the third and fourth largest internet subscriber markets—ADSL and cable—saw an increase in subscriber numbers of three and four per cent respectively. Fibre subscriber numbers in Australia increased by 68 per cent in the 12 months to June 2012, from a low base of 31,000 at June 2011. These numbers are likely to steadily increase as the focus shifts to signing up customers to NBN fibre internet access.

Table 1.6 Internet subscribers by technology type

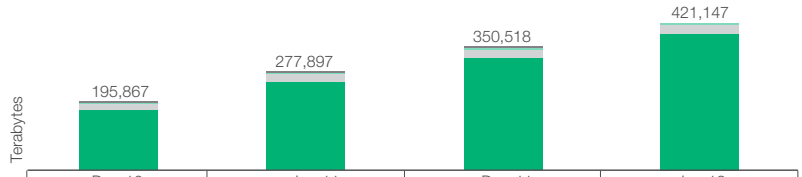
Internet subscribers by access technology	Dec-10 ('000)	Jun-11 ('000)	Dec-11 ('000)	Jun-12 ('000)	% change from Jun-11 to Jun-12
Mobile wireless (dongle, data card, USB modem services)	4,230	4,786	5,491	5,862	+22.5%
ADSL	4,458	4,493	4,553	4,632	+3.1%
Cable	n/a†	881	900	917	+4.1%
Dial-up	707	569	473	439	–22.8%
Satellite	n/a†	106	100	94	–11.3%
Fixed wireless*	24	34	35	30	–11.8%
Fibre	24	31	37	52	+67.7%
Other	n/a†	7	8	10	+42.9%
Total (excluding mobile handset subscribers)	**10,446**	**10,906**	**11,596**	**12,036**	**+10.4%**
Mobile handset	8,197	13,323	15,190	16,192	+21.5%
Total (including mobile handsets)	**18,643**	**24,229**	**26,786**	**28,228**	**+16.5%**

n/a=not available.
**Fixed wireless (for example, WiMAX) uses an air interface to connect an internet service. An antenna installed at the customer's premises receives signals from the service provider's base station.*
†Data not available but is included in totals.
Note: ABS has revised some figures for mobile handset internet subscribers published previously.
Source: ABS, 8153.0–Internet Activity, Australia*, June 2012.*

Volume of data downloaded

Growth in internet subscription numbers is also reflected in increases in the volume of data downloaded. During the June 2012 quarter, the volume of data downloaded was almost 52 per higher than during the June 2011 quarter. Despite the numerical dominance of wireless and mobile phone handset internet subscribers, these services continued to account for only a fraction of total data downloaded in Australia—nearly eight per cent for the June quarter of 2012 (Figure 1.9).

Figure 1.9 Volume of data downloaded by Australian internet users



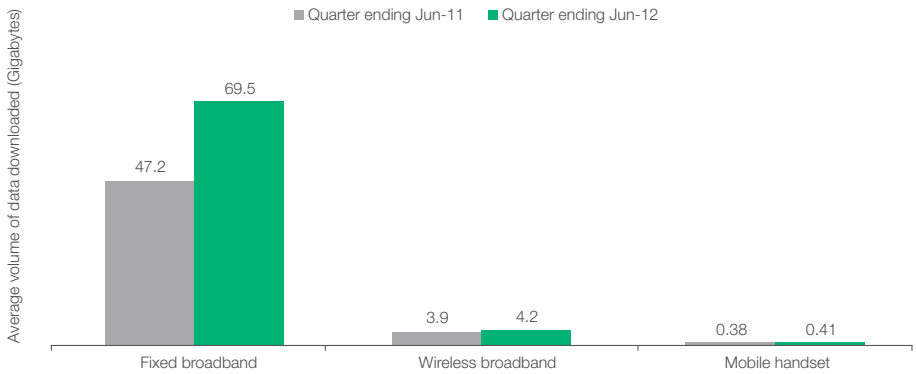
	Dec-10	Jun-11	Dec-11	Jun-12
Dial-up	183	106	96	n/p
Mobile handset	4,029	3,695	5,000	6,610
Wireless* broadband	16,990	19,149	23,142	25,301
Fixed-line broadband	174,665	254,947	322,280	389,130

Quarter ending

n/p=not published.
**Excludes downloads via mobile phone handsets. Includes dongle, USB modems, datacard services, satellite, etc.*
Note: Total volume of data downloaded is based on ABS published numbers, and components may not add up due to rounding. The ABS reports that 'download data presented should only be considered an indicative measure of internet activity during the reference period'. Data downloaded via dial-up services are not published separately for June 2012 but are included in the total.
Source: ABS, 8153.0–Internet Activity, Australia*, June 2012.*

In terms of the average amount of data downloaded, fixed broadband subscribers are more likely to be heavy users of high bandwidth services such as video streaming than their wireless counterparts (Figure 1.10). During the June quarter of 2012, the average amount of data downloaded by a fixed-broadband subscriber was approximately 17 times greater than that downloaded by a wireless broadband subscriber and 170 times that of a mobile handset internet subscriber.

Figure 1.10 Average volume of data downloaded by subscriber type



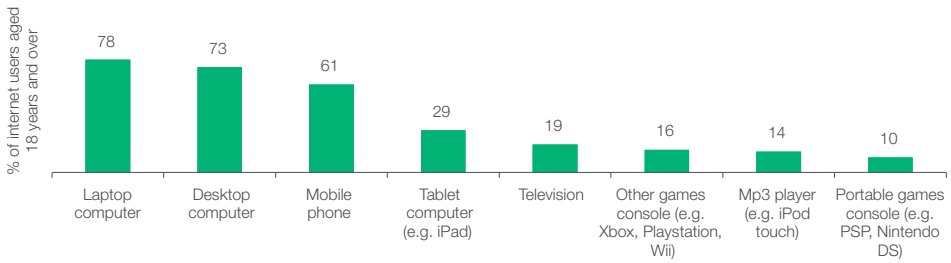
Note: Wireless broadband includes dongle, datacard, USB modem, satellite, fixed-wireless services. Fixed broadband includes ADSL, cable and fibre.
Average downloads published in previous ACMA reports may vary due to ABS revisions.
Source: ABS, 8153.0–Internet Activity, Australia*, June 2012.*

Diversification of consumer internet access devices

At May 2012, approximately 86 per cent adults resided in a household with internet access, while 80 per cent of adults were estimated to have broadband internet in the home.[24]

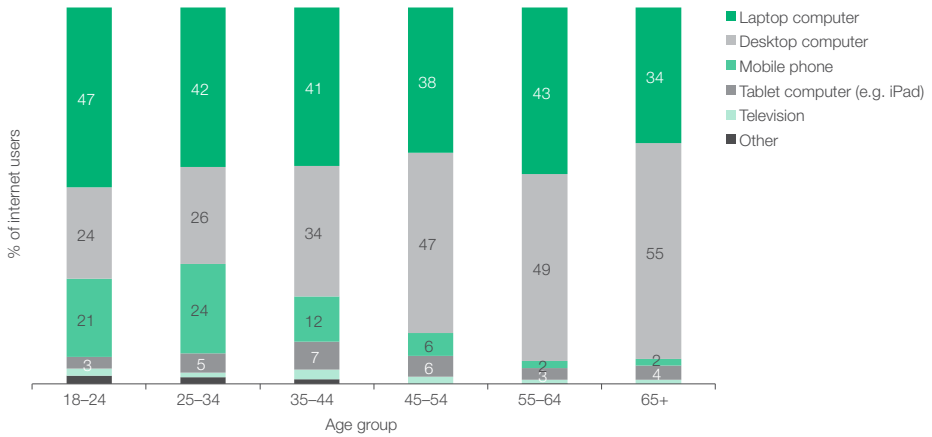
Australians with household internet access go online from home via a range of consumer devices (Figure 1.11), with smartphones, tablets and internet televisions having a significant user base in the Australian household consumer internet market. Despite this, desktop and laptop computers remain the main devices for accessing the internet in Australia regardless of the age of the internet user (Figure 1.12), reinforcing the complementary nature of many consumer devices. For example, of Australians using the internet via their mobile handset in the six months to May 2012, 99 per cent also used a workstation or a portable computer to go online.[25]

Figure 1.11 Internet take-up and devices used to access the internet from home



Base: Persons with a fixed-line and/or mobile telephone.
Note: Relates to persons with household internet access.
Source: ACMA-commissioned research, May 2012.

Figure 1.12 Main device used to access the internet from home by age



**Includes games consoles, Mp3 player. Don't know responses not shown in figure but included in base, so percentages do not total 100.*
Note: Relates to persons with household internet access.
Base: Persons with a fixed-line telephone and/or a mobile telephone.
Source: ACMA-commissioned research, May 2012.

Strategies to retain market share

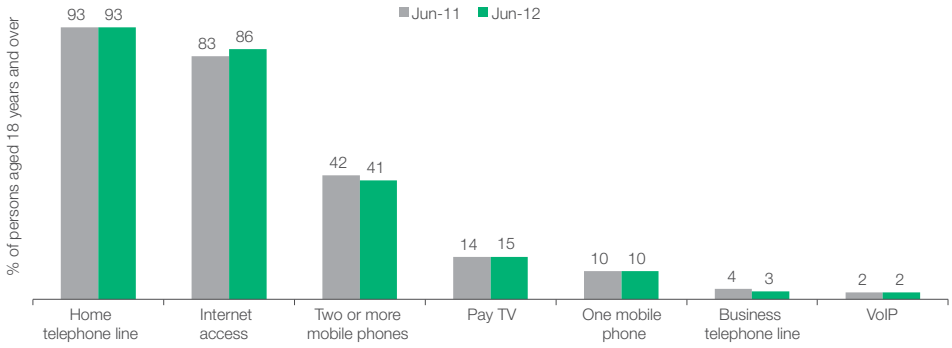
With increasing competition and declining returns from traditional revenue streams (as shown earlier by declining fixed-voice revenues and mobile ARPUs), communications service providers have resorted to a range of strategies to retain market share. The bundling of services (usually to provide a perceived financial or other gain for the consumer) and, more recently, providing additional services such as content are two examples of approaches adopted by service providers to differentiate service offerings from competitors. However, the success of these two strategies has varied.

Service-bundling

The majority of ISPs have typically moved into bundling voice services with internet access to their subscribers, usually by providing a VoIP service. Approximately 67 per cent of ISPs in Australia provided a voice service to their customers at December 2011, compared to 61 per cent at June 2011.[26] More recently, the major ISPs (Telstra, Optus, iiNet and TPG) have moved to provide subscription content services, such as IPTV, to their subscriber base in an attempt to diversify revenue streams (Table 1.7).

The proportion of households with a bundling arrangement has remained relatively unchanged over the past two years. Approximately 42 per cent of the population aged 18 years and over bundled two or more of their communication and media services with a single service provider, compared to 43 per cent at June 2011.[27] Typical services bundled at June 2012 were a home fixed telephone line (93 per cent), internet access (86 per cent) and mobile phones (51 per cent). Pay TV services were included in 15 per cent of bundling arrangements (Figure 1.13).

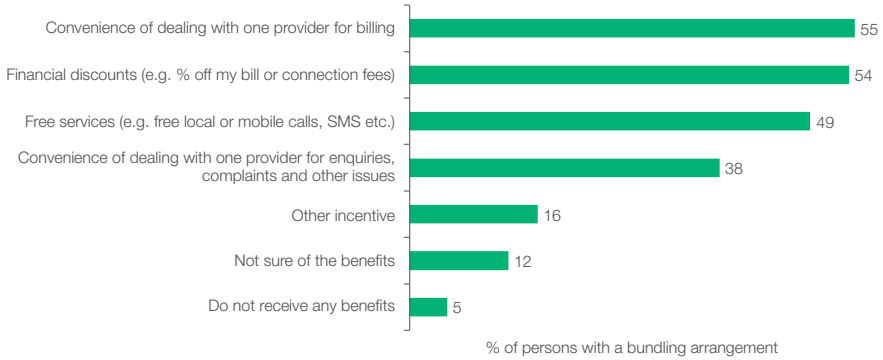
Figure 1.13 Services included in bundling arrangements, June 2012



Base: Persons with a bundling arrangement.
Source: Roy Morgan Single Source, June 2012.

The convenience of dealing with a single service provider for billing (55 per cent), financial discounts (54 per cent) and 'free services' (49 per cent) were the most frequently reported benefits from bundling services with one communication provider at June 2012 (Figure 1.14). While the proportion of consumers who bundle services reporting financial benefits has remained relatively unchanged since June 2011, consumers reporting the convenience of dealing with a single provider for billing as a benefit of bundling has increased from 48 per cent at June 2011.[28]

Figure 1.14 Benefits from bundling communications and media services, June 2012



Source: Roy Morgan Single Source, June 2012.

Online video content delivery in Australia

The emerging online video content service market is seen as a potential area of growth for communications service providers and free-to-air broadcasters. The provision of these services in Australia takes two major forms:

> high-end IPTV services—providing users with access to video content in return for a subscription, or pay-per-view provided by ISPs (Table 1.7)

> catch-up television offered by free-to-air television broadcasters—enabling viewers to access recently aired shows via the internet, usually available free of access charges (Table 1.8).

The supply of IPTV services has continued to expand over the last 12 months, encouraged by increased competition between ISPs and higher available bandwidth. At June 2012, there were nine IPTV providers in the Australian market, the majority offering content from two aggregators, FOXTEL and Fetch TV.

Telstra remains the dominant player in this market, leveraging its 50 per cent stake in FOXTEL by bundling other communications products with online video access services to attract additional customers. Conversely, along with a number of smaller ISPs, Optus has invested heavily in the Fetch TV model, offering users access to Fetch's aggregated video content in return for a subscription charge. In late 2011, competition between service providers resulted in efforts to differentiate products and prices, which in some instances saw prices fall by 30 per cent.[29] As a further incentive, many service providers are offering content accessed free of metering charges, including some catch-up television sites such as ABC iView.

Table 1.7 Online video service offerings of selected ISPs, 2011–12

Company	Service	Content	Platforms/ devices
Telstra	BigPond TV/ BigPond Movies	TV and film content of local and international origin. Mix of recent and archive content. Access to FTA television, seven BigPond TV channels including sports, news and music, and a library of on-demand movies and TV programs	T-Box, internet-enabled TV, PC (through Windows Media Player)
	FOXTEL on T-Box/FOXTEL on Mobile	Content from FOXTEL—30 TV channels, plus on demand movies and TV programs	T-Box/smartphone
Optus	MeTV (with Fetch TV)	Offers mix of on-demand content and subscription channels, with access to FTA channels	FetchTV STB
	OptusNow	Cloud-based online recording service of FTA television	Service suspended on 27 April 2012[30]
iiNet	Partnership with FetchTV	Offers mix of on-demand content and subscription channels, with access to FTA channels	FetchTV STB
Westnet			
Internode			
Netspace			
Adam Internet			
mytelecom			
TransACT			

FTA=free-to-air.
Note: Westnet, Internode, Netspace and TransACT are all part of the iiNet group.
Sources: Provider websites at 20 July 2012.

While the take-up of high-end IPTV services such as Fetch TV is still relatively small at five per cent of internet-connected households[31], a much higher number of Australians have used catch-up television services. Nearly 1.6 million persons aged 14 years and over used these services during June 2012, compared to just over one million during June 2011.[32] The quest to expand online audience figures has seen free-to-air broadcasters increase the amount of content available on their websites over the past year, though the range of content still remains limited compared to traditional broadcast television offerings.[33]

Both catch-up and high-end IPTV have seen investment in providing content in multiple formats, a reflection of the demand for 'go anywhere' internet access. Broadcasters and service providers offer content compatible with iOS and Android platforms, in addition to games consoles and internet-enabled televisions. Further information about this market can be found in the ACMA *Communications report 2011–12* series, *Report 1—Online video content services in Australia: Latest developments in the supply and use of professionally produced online video services.*

Table 1.8 Selected online video content offerings of Australia's FTA broadcasters

Broadcaster	Service	Content	Platforms/devices
ABC	ABC iView	Recently screened ABC content, trailers, pre-broadcast programs and some content exclusive to the iView website	PC, iPad, smartphones, PlayStation 3, internet-enabled Sony, Samsung and LG televisions and Xbox360
SBS	SBS On Demand	Recently screened SBS content with emphasis on documentary and cooking shows. Recently screened movies	PC, internet-enabled Sony TVs, iOS devices, Xbox360
Seven Network	Plus7	Recently screened Seven Network content, in addition to TV programs that have not aired on Australian FTA channels	PC, internet-enabled Sony, Samsung and LG televisions, Sony Bluray players
Nine Network	nineMSN Video	Nine Network content, including Go! Majority are short clips	PC, internet-enabled televisions, Xbox360, limited shows available via iOS devices
Network Ten	Watch TV	Recently screened Ten Network content	PC, internet-enabled televisions, limited shows available via iOS devices

Sources: Broadcaster websites at 15 July 2012.

Communications infrastructure developments

There are a number of major infrastructure projects currently underway in Australia that will have significant implications for the future development of the communications sector and the digital economy. This section provides an overview of key developments relating to the rollout of 4G mobile networks and the NBN that have occurred during 2011–12.

4G networks

Australia's three mobile network operators (Telstra, Optus and VHA) indicated in 2011–12 that they were either planning to roll out, were in the process of rolling out or had commenced providing 4G services.

Telstra—in September 2011, Telstra became the first mobile network operator to begin commercial services on its 4G network, which commenced in the central business districts of Melbourne, Brisbane, Adelaide and Perth and has since been expanded to multiple regional centres.[34] Telstra reports that at June 2012, its 4G network covered 40 per cent of Australia's population, with more than 375,000 4G devices activated.[35]

Optus—in November 2011, Optus commenced 4G network trials in Bendigo[36] and at the completion of the trial reported that it had achieved peak download speeds of 70 Mbps.[37] Optus undertook a 'soft' launch of its 4G network in the Newcastle/Hunter Valley region of New South Wales in April 2012. During this launch, Optus provided access to its network for free on the basis that its customers would provide it with feedback.[38]

In February 2012, Optus acquired significant network assets through the purchase of Vividwireless (of which the key asset was 2.3 GHz wireless spectrum), which will assist it in its rollout of a new network.[39]

VHA—VHA has not released any definite plans as yet, but has indicated that a rollout would commence in 'selected areas' some time in 2013.

National Broadband Network

The government created NBN Co on 9 August 2009 to design, build and operate a new wholesale-only network to deliver high-speed broadband to all Australian premises.

The network will use fibre-to-the-premises (FTTP) to provide fibre-optic cabling to 93 per cent of Australian homes, schools and businesses delivering peak download speeds of 100 Mbit/s per second at the wholesale level, with capability to provide up to 1 Gbit/s planned for next year. All other premises will be able to access next-generation high-speed fixed wireless and/or satellite technologies, delivering peak download speeds of 12 Mbit/s at the wholesale level, with higher speeds anticipated as technology evolves.

Rollout

In March 2012, NBN Co released its first three-year rollout plan and announced that construction will commence or be completed for over 1,500 communities by June 2015.[40] NBN Co also announced that Tasmania would be the first Australian state where the rollout of the NBN would be completed, with fibre connections providing service to approximately 200,000 premises, fixed wireless to 32,000 premises and the remainder receiving NBN Co's satellite service.[41] NBN Co intends to update the three-year plan every 12 months, adding a further year of information on rollout locations.

On 1 July 2011, NBN Co launched its interim satellite service that offers improved broadband services to eligible users in rural and remote areas, ahead of the introduction of a long-term satellite service in 2015.[42] During 2011–12, NBN Co announced the location of three of 10 planned satellite base stations—Wolumla (south coast of New South Wales), Bourke (New South Wales) and Geeveston (Tasmania).[43] NBN Co expects to launch two Ka Band satellites in 2015 to provide its Long Term Satellite Service.

Lots/premises passed and activated

The rollout of the NBN continues, with NBN Co reporting its fibre network had passed 38,914 lots/premises, with a further 173,885 premises covered by NBN fixed wireless or interim satellite services at June 2012. Of premises passed by the fibre network, 3,867 premises had activated a fibre service at June 2012, compared to 9,669 premises activating fixed wireless or satellite services (Figure 1.15).

In its *Corporate Plan, 2012–15*, NBN Co presented a five-year forecast for the number of premises passed by the NBN and the level of expected service activation:

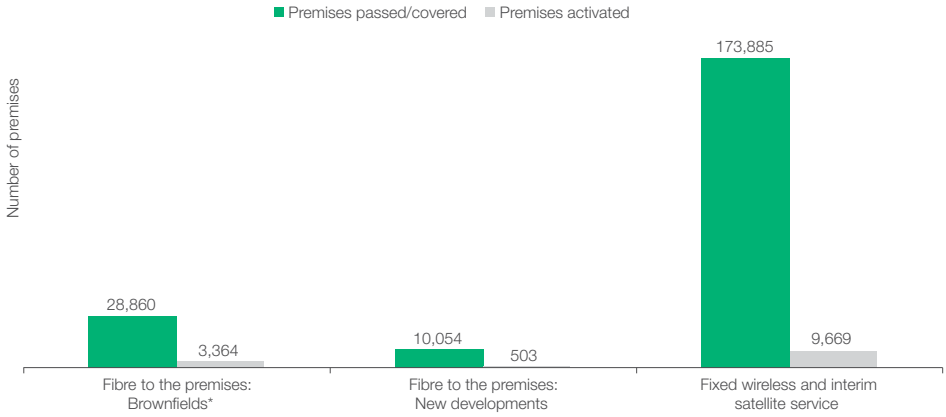
> 2012–13: 661,000 premises passed, 14 per cent activated

> 2013–14: 1.68 million premises passed, 33 per cent activated

> 2014–15: 3.66 million premises passed, 44 per cent activated

> 2015–16: 5.53 million premises passed, 58 per cent activated.

Figure 1.15 Lots/premises passed/activated by the NBN at 30 June 2012



**Brownfield premises are currently connected to a legacy fixed telecommunications network.*
Source: NBN Co.

In March 2012, NBN Co finalised its agreement with Telstra to progressively migrate customers connected to its fixed networks to the NBN in areas covered by the NBN fibre network.[44] The agreement also provided NBN Co access to key infrastructure necessary to build the NBN more efficiently and cost-effectively. In June 2011, NBN Co also executed an agreement with Optus to progressively migrate Optus hybrid fibre coaxial customers to the NBN. This deal was finalised in July 2012.[45]

On release of its updated corporate plan in August 2012, NBN Co stated the delay in finalising the Telstra agreement, regulatory changes such as the ACCC decision to mandate 121 points of interconnect and other factors necessitated changes to the corporate plan and accompanying planned rollout schedule.[46] NBN Co anticipates, however, that these changes to the scope of the project will only extend the rollout by six months.

Service announcements

During 2011–12, a number of communications service providers made announcements relating to the retailing and wholesaling of services over the NBN (Table 1.9). For a full list of providers and their areas of activity see Table 1.10.

Table 1.9 Select announcements relating to the provision of services over the NBN, 2011–12

Date of announcement	Provider	Service category	Details of announcement
July 2011	Internode	Retail	Initial monthly NBN prices, with plans starting at $59.95 (now $49.95) for 30GB of data at speeds of 12 Mbps downstream and 1 Mbps upstream. Users are able to pay more for faster access and plans included a VoIP telephone service
July 2011	Exetel	Retail	Entry-level plan for $34.95 with 20 GB of data (now $35.00 with 50 GB data). Plans include a VoIP telephone service
July 2011*	Eftel	Wholesale	Intended to provide wholesale services over the NBN to retail ISP Dodo and its own RSP, ClubTelco
September 2011	iiNet	Retail	Entry-level NBN services would commence at $49.95
September 2011	Internode	Retail	It would begin trialling of voice-only services in the first release site of Willunga in SA, with estimated prices for service around $30
November 2011	Optus	Retail	Monthly plans starting from $39.99 when bundled with an Optus prepaid mobile plan at $19 and above
December 2011	iiNet	Retail	Signed up to sell NBN Co's satellite service
December 2011	Ipstar	Retail	Signed up to sell NBN Co's satellite service
December 2011	Primus	Retail	It would begin trialling voice-only NBN services across the country with prices to start at $24.95
February 2012	Telstra	Retail	Announced its NBN pricing, with all plans requiring users to also have a voice component charged at the same rates as other similar services
March 2012*	Symbio†	Wholesale	It had signed NBN Co's wholesale broadband agreement
April 2012	iiNet	Retail	Commenced selling wireless services over the NBN, in Armidale, NSW
May 2012	MyNetFone	Retail	Ready to provide services over the NBN with its entry-level plans at $39.95, which included VoIP services with users only paying additional for calls

**Other providers that had previously confirmed they would be selling wholesale services over the NBN included Telstra, AAPT, Optus, Nextgen Networks, Continuum Communications and Platform Networks.*
†Owned by VoIP and broadband service provider MyNetFone.
Note: Rates identified are per month.
Source: Communications Day, company websites.

NBN Co also secured the assistance of Primus to test a new provisioning system (enabling the logging and tracking of connection and fault reports of services) to help retail service providers (RSPs) to provide voice-only services over the NBN.[47]

NBN service providers

According to NBN Co, at 30 June 2012, 41 Access Seekers had signed its Wholesale Broadband Agreement, 12 Access Seekers had signed its Interim Satellite Services Agreement and 16 the Fixed Wireless Trial Agreement.[48]

Table 1.10 NBN retail service providers by area of activity/service type

	First release fibre sites*	New housing developments	Tasmania - fibre†	Fixed -wireless trial	Satellite service area
Aardvark Internet	✓	✓	×	×	×
AARNet (education only)	✓	✓	×	×	×
Ace Internet Services	✓	✓	×	✓	×
Activ8me	✓	✓	×	✓	✓
Adam Internet (SA only)	✓	✓	×	×	×

Ant	×	×	×	×	✓
Aussie Broadband	✓	✓	×	✓	×
Bluemaxx	×	×	×	×	✓
Bordernet	×	×	×	×	✓
Clear Networks	✓	✓	×	✓	✓
Club Telco	✓	✓	×	×	×
Comstech Systems (Aldinga)	✓	×	×	×	×
DeVoteD NBN	✓	✓	×	×	×
Eftel	✓	✓	×	×	×
Engin	✓	✓	×	×	×
EscapeNet	✓	✓	×	✓	×
Exetel	✓	✓	✓	✓	×
Fastel	✓	✓	×	×	×
Harbour ISP	✓	×	×	✓	✓
iiNet	✓	✓	✓	✓	✓
Indigo Telecom	×	×	×	×	✓
Internode	✓	✓	✓	✓	×
Internet Solutions	✓	✓	×	×	×
iPrimus	✓	✓	✓	✓	×
IPSTAR Australia	×	×	×	×	✓
Macquarie Telecom	✓	×	×	×	×
Montimedia	✓	×	×	×	×
mVoice	✓	✓	×	×	×
My Fibre	✓	✓	×	×	×
MyNetFone	✓	×	×	×	×
Node1 Internet	✓	×	×	✓	×
North Queensland Telecom	✓	✓	×	×	×
NuSkope	✓	✓	×	×	×
Optus	✓	×	×	×	×
The ORCA Network	✓	✓	×	×	×
Reachnet	×	×	×	×	✓
Reback Communications	✓	✓	×	×	×
Rivertel	×	×	×	✓	×
*SkyMesh	✓	✓	×	✓	✓
Spintel	✓	✓	×	×	×
Telstra	✓	✓	✓	×	×
Westnet	✓	✓	×	✓	✓
ZettaNet	✓	×	×	×	×
Total number of RSPs	**36**	**28**	**5**	**14**	**12**

**Armidale, Brunswick, Kiama, Townsville, Willunga.*
†Midway Pt, Scottsdale, Smithton, Kingston, Sorrell, Triabunna, Deloraine, George Town, St Helens.
Note: Retail service providers may not service all fibre sites. Refer to NBN Co's website, www.nbnco.com.au/getting-connected/certified-service-providers.html.
Source: NBN Co, 16 August 2012.

NBN Regional Backbone Blackspots Program

The Australian Government's NBN Regional Backbone Blackspots Program (RBBP) is designed to improve the supply of backbone transmission links to regional centres where competitive backbone infrastructure is lacking, filling gaps in backhaul capacity.[49] By improving network 'blackspots', the project aims to enhance competition and encourage service providers to improve the range, quality and prices of broadband services to homes and businesses in regional areas.[50]

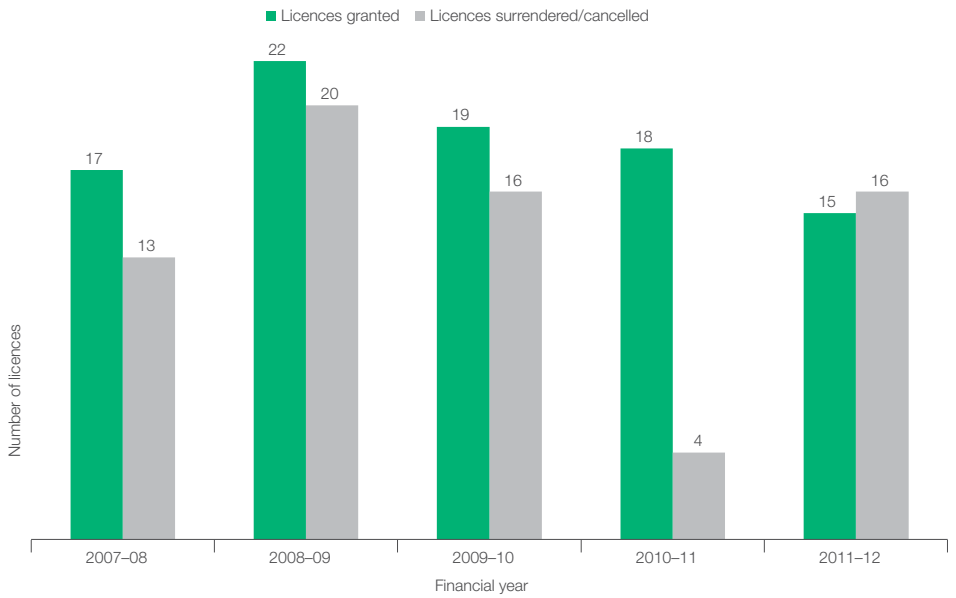
Deployment of the $250 million project by Nextgen Networks was completed in late 2011–12 and is projected to benefit approximately 400,000 people across six states and territories and more than 100 regional locations. Nextgen Networks is also responsible for operating and maintaining this backbone transmission for an initial period of five years.

During the second half of 2011, the final two fibre backbone links were completed—the Darwin link connecting Darwin to Toowoomba (3,800 kilometres)[51] and the Broken Hill link connecting Gawler in South Australia to Broken Hill in New South Wales and Shepparton in Victoria (1,150 kilometres).[52]

Carrier licensing

At June 2012, there were 187 licensed carriers in Australia. In 2011–12, the ACMA granted 15 carrier licences compared with 18 licences in the previous year. Sixteen carriers surrendered their licence compared to four in 2010–11 (Figure 1.16). A further three licensed carriers were deregistered by the Australian Securities and Investments Commission during 2011–12.

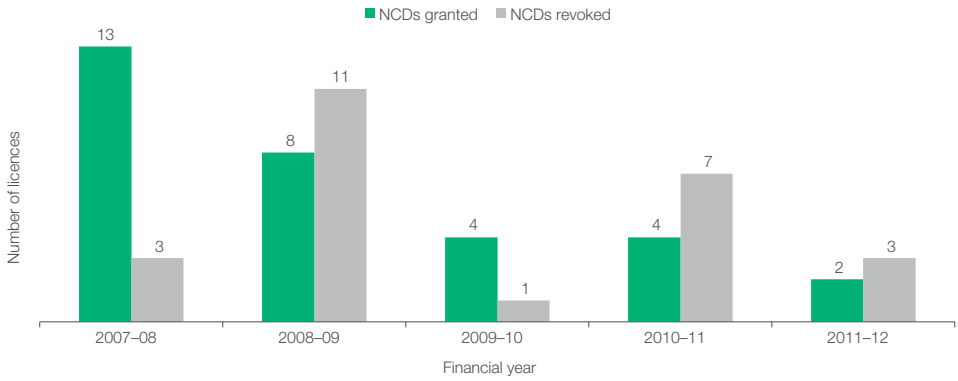
Figure 1.16 Trends in carrier licensing



Note: A licensed carrier can surrender its licence by providing a written notice to the ACMA.
Source: ACMA licensing figures.

At June 2012, there were 71 nominated carrier declarations (NCDs) in force. The ACMA granted two NCDs in 2011–12 compared with four in the previous year. Three NCDs were revoked by the ACMA compared to seven in the previous year (Figure 1.17). During 2011–12, the ACMA issued five trial certificates compared to four in the previous period.[53] Trial certificates facilitate provision of new technology and services into the communications market.

Figure 1.17 Trends in nominated carrier declarations



Source: ACMA licensing figures.

Allocation of numbers

smartnumbers

The smartnumbers auction system was introduced in 2004 to better allocate freephone and local rate numbers (FLRNs)—13, 1300 and 1800 numbers. The system was introduced as an efficient way to allocate these numbers and it enables an appropriate return for this valuable and limited resource. The ACMA currently conducts a public auction each fortnight. In 2011–12, the ACMA sold 4,995 numbers through the smartnumbers auction allocation system and raised $1,753,846 in revenue. In 2010–11, the ACMA sold 5,399 smartnumbers and raised $2,091,095 in revenue.

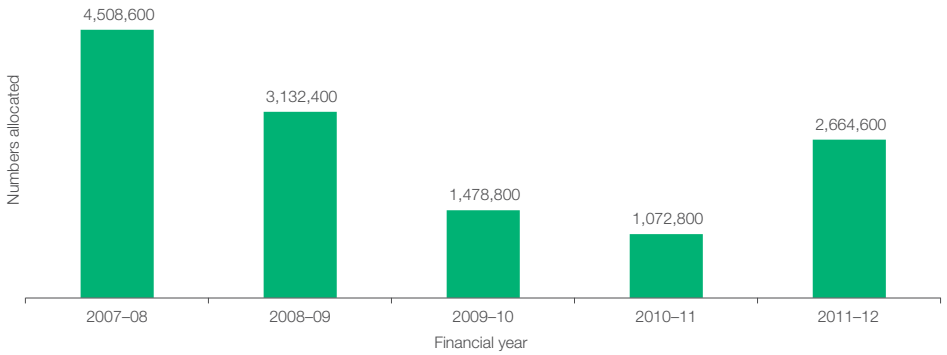
Geographic numbers

There was an increase in geographic numbers allocated to CSPs in 2011–12. This increase may be attributed in part to CSPs using VoIP technology to deliver services and a recent amendment to numbering arrangements that allows geographic numbers to be issued 'out of area' to customers (for example, a customer in Geraldton, Western Australia, can be issued with a Sydney number under certain conditions).

Figure 1.18 shows the number of geographic numbers the ACMA allocated over the last five financial years. In 2011–12, CSPs were allocated 2.66 million geographic numbers—up 148 per cent and 80 per cent on allocations in 2010–11 and 2009–10 respectively but lower than in 2008–09 and 2007–08. More than half the numbers allocated in 2011–12 were to two established CSPs and were available to use across Australia. The remaining numbers were allocated to established CSPs primarily for Melbourne, Sydney, Brisbane, Adelaide and Perth.

CSPs surrendered 18,400 geographic numbers compared with 11,000 for 2010–11.

Figure 1.18 Geographic number allocations



Source: The ACMA.

Digital mobile numbers

During 2011–12, CSPs were allocated 6.4 million digital mobile numbers, up from 5.9 million in 2010–11 and 5.6 million in 2009–10. At 30 June 2012, approximately 65 per cent of available mobile numbers have been allocated. The use of mobile numbers for devices with wireless internet connectivity and for machine-to-machine communication continues to drive demand for mobile numbers.

Location-independent communications service numbers

Numbers commencing with 0550 are for use with location-independent communications services (LICS) and have been available since 2007. This range was made available for IP-based services that are nomadic or not fixed to a particular geographic location. There has been limited take-up of LICS numbers. At 30 June 2012, 7,000 LICS numbers were allocated to four CSPs while 1,000 numbers were surrendered in 2010–11.

The ACMA has now made 05 numbers available for digital mobile numbers services, once 04 numbers are exhausted (in approximately five years). CSPs and consumers will be consulted about the surrender of LICS numbers.

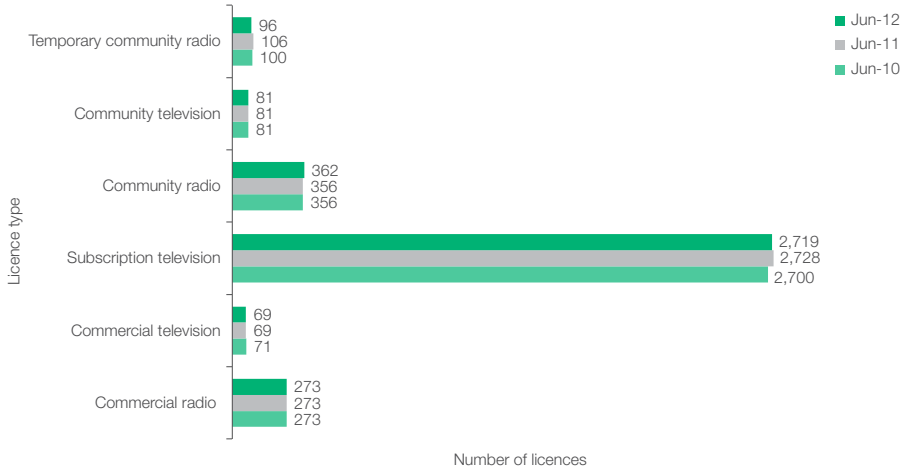
Other numbers

In 2011–12, there was limited demand from CSPs for number types other than geographic and digital mobile numbers. Four mobile network codes were issued to mobile network operators and CSPs surrendered one pre-selection override code and two calling card service numbers.

Broadcasting services

The number of broadcasting (television and radio) licences in operation remained virtually unchanged from the 2010–11 reporting period. At June 2012, there were 342 commercial broadcasting (radio and television) licences, 2,719 subscription television licences and 539 community radio and television licences (including temporary licences) active in Australia (Figure 1.19).

Figure 1.19 Number of broadcasting licences in operation in Australia



Note: The number of subscription television licences for June 2011 has been revised down due to 31 formerly surrendered subscription television broadcasting licences being overlooked in 2010–11 figures.
Source: ACMA licensing numbers.

Commercial broadcasting services

Commercial broadcasting services comprise free-to-air radio and television services that are made available to the general public. Commercial free-to-air broadcasting services are also licensed to operate within specified geographic areas and have regulations to limit concentration of their ownership and control.

Ownership and control of commercial television services

Only a small number of control changes occurred in the media industry during 2011–12. Most changes were a result of financial or company restructures, rather than the transfer of licences to different media networks or groups.

The Seven, Nine and Ten networks operate commercial television broadcasting licences predominantly in metropolitan markets. Their programming is also made available in regional markets through affiliation agreements with the regional television licences controlled by Prime Media Group Limited, Southern Cross Media Group Limited, WIN Corporation Pty Ltd and Imparja Television Pty Ltd.[54] Table 1.11 summarises ownership and control of commercial television services in Australia.

A discussion of broadcasters' compliance with notification of change in control requirements is provided in Chapter 4 of this report.

Table 1.11 Ownership and control of commercial television services (major networks)

Network			Ownership and control
	Licence type	Number	Operations
Seven Network Operations Ltd	Metropolitan	5	Operates commercial licences in Sydney, Melbourne, Brisbane, Adelaide and Perth
	Regional	1	Covering regional Queensland
Nine Network Australia Holdings Pty Ltd	Metropolitan	3	Operates commercial licences in Sydney, Melbourne and Brisbane
	Regional	3	One each in the Darwin and northern New South Wales licence areas, and a digital-only television joint venture with Southern Cross Media Group Ltd in the Darwin licence area
Ten Network Holdings Ltd	Metropolitan	5	Commercial stations in Sydney, Melbourne, Brisbane, Adelaide and Perth
WIN Corporation Pty Ltd	Metropolitan	2	Commercial television licences affiliated with Nine Network programming in Perth and Adelaide
	Regional	20	Commercial television licences operating across Australia, including digital-only television licences through joint venture partnerships with: > Southern Cross Media Group Ltd in Tasmania > Prime Media Group in the Mildura, Geraldton, Kalgoorlie, Western Zone, South West and Great Southern television licence areas Controls an additional three digital-only television licences, respectively servicing Griffith, Riverland and Mount Gambier South-East
Southern Cross Media Group Ltd	Regional	17	Commercial television licences operating across Australia, including joint ventures in relation to digital-only television services in Darwin, Tasmania, Mt Isa and the remote central and Eastern Australia licence areas, and digital-only television services in Broken Hill and Spencer Gulf
Prime Media Group Ltd	Regional	13	Commercial television licences operating across Australia including joint venture partnerships with the WIN Corporation Pty Ltd for digital-only television licences servicing the Mildura, Geraldton, Kalgoorlie, Western Zone, South-West and Great Southern licence areas

Note: Some licences may be counted more than once as they are controlled by more than one network.
Source: The Register of Controlled Media Groups.

Ownership and control of commercial radio services

Table 1.12 shows that:

> Southern Cross Media Group Limited, Australian Radio Network Pty Ltd (ARN), DMG Radio Investments Pty Ltd and Fairfax Media Limited own the majority of capital city commercial radio broadcasting licences.

> Southern Cross Media Group Limited, Super Radio Network and Grant Broadcasters Pty Ltd remain the three largest networks of regional commercial radio broadcasting licences.

Eleven radio licence owner groups control five or more commercial radio broadcasting licences each—ACE Radio Broadcasters Pty Ltd, ARN, DMG Radio Investments Pty Ltd/Illyria Investments, Fairfax Media Limited, Grant Broadcasters Pty Ltd, Southern Cross Media Group Limited, Prime Media Group Limited, Redwave Media Limited, the Macquarie Radio Network Limited, Super Radio Network (Broadcast Operations Pty Ltd) and Capital Radio Network. Another 17 radio licence owners/controllers hold fewer than five licences each.

Table 1.12 Ownership and control of commercial radio services

Network	Commercial radio licences	Ownership and control Licenses and operations
ACE Radio Broadcasters Pty Ltd	13	Mainly in regional Victoria, but also has one radio licence in the regional New South Wales licence area of Albury
Australian Radio Network Pty Ltd	11	Metropolitan radio licences in Adelaide, Brisbane, Melbourne, Sydney and Western Suburbs Sydney One regional radio licence in Katoomba Two joint-venture licences with DMG Radio, one in each of Brisbane and Perth, and two joint-venture licences with Southern Cross Austereo in Canberra
Capital Radio Network Pty Ltd	5	Two regional radio licences in each of Goulburn and Canberra One metropolitan radio licence Perth
DMG Radio (Australia) Pty Ltd	10	Metropolitan radio licences in Adelaide, Brisbane, Melbourne and Sydney Two joint-venture licences with Australian Radio Network, one in each of Brisbane and Perth
Fairfax Media Ltd	7	Metropolitan radio licences in Brisbane, Melbourne, Perth and Sydney
Grant Broadcasters Pty Ltd	37	Radio licences in regional areas of Australia
Macquarie Radio Network Ltd	8	Radio licences in regional Queensland (Charleville, Emerald, Kingaroy, Mt Isa and Roma) Two metropolitan radio licences in Sydney
Prime Radio Group Ltd	10	Radio licences in the following areas of regional Queensland—Cairns, Gympie, Mackay, Nambour, Rockhampton and Townsville
Redwave Network	9	Radio licences in the following areas of regional Western Australia—Bunbury, Geraldton, Karratha, Port Hedland and Remote Commercial Radio Service Western Zone
Southern Cross Media Group Ltd	80	Metropolitan radio licences in Adelaide, Brisbane, Melbourne, Perth and Sydney Radio licences in various regional areas of Australia
Broadcast Operations (Super Radio Network) Pty Ltd	36	Radio licences mainly in regional areas of Australia, but also has one metropolitan radio licence in Sydney

Note: Table only includes networks with five licences or more.
Source: The Register of Controlled Media Groups.

Key changes

> On 31 August 2011, Macquarie Radio Network Limited acquired the six commercial radio broadcasting licences held by Smart Radio Group (Pinecam Pty Ltd).

> On 30 October 2011, Grant Broadcasters Pty Ltd purchased eight commercial radio broadcasting licences from Fairfax Media Limited.

> On 2 March 2012, Macquarie Radio Network Limited ceased to control commercial radio broadcasting licence with call sign 3MP in Melbourne when the joint venture between it and Pacific Star Network Pty Ltd ended.

> On 14 June 2012, companies controlled by Ms Gina Rinehart acquired additional shares in Fairfax Media Limited, taking her interest to 18.67 per cent. This puts her in a position of control of the commercial radio licences and associated newspapers controlled by Fairfax Media Limited.

Cross-media ownership

A small number of companies control two types of media assets in the same markets:

> Southern Cross Media Group controls a combination of radio and television broadcasting licences in 27 licence areas.

> Fairfax Media Limited controls two radio licences and a newspaper in Melbourne, and a radio licence and a newspaper in Sydney.

> Seven Network Limited controls a television licence and is deemed to be in a position to exercise control of a newspaper in the Perth metropolitan licence area.

> WIN Corporation controls a radio and television licence in the Wollongong licence area.

> Mr Lachlan Murdoch, through his interests in Ten Network Holdings Limited and the DMG radio licences, controls two radio licences and a television licence in each of the Sydney, Brisbane, Adelaide and Melbourne metropolitan licence areas, and one radio licence and one television licence in the Perth metropolitan licence area and the Gosford licence area.

Register of Controlled Media Groups

The Register of Controlled Media Groups is a core component of media ownership rules. The register, published on the ACMA website, provides information to industry and the community about the existence of registered media groups operating in licence areas across Australia, the media operations that form each group and the controllers of those operations. When the register was first published in March 2007, it contained 131 media groups. The number has increased to 211 as at 30 June 2012.

Subscription television in Australia

In 2011–12, the ACMA allocated one subscription television broadcasting licence to VIETFACE TV Australia Pty Limited and a number of licenses were surrendered. At June 2012, there were 2,719 subscription television broadcasting licences, slightly down from the 2,728 licences at June 2011.

FOXTEL, the dominant player in the Australian subscription television market, increased its market presence with its acquisition of Austar for $2 billion on 23 May 2012. The ACCC announced it would not oppose the acquisition after court-enforceable undertakings were accepted by FOXTEL preventing them from acquiring exclusive IPTV rights for a range of attractive television program and movie content.[55]

FOXTEL reported that its direct pay TV subscriber base increased by 6.3 per cent during 2011–12 to reach 1.68 million subscribers at June 2012, compared to 1.58 million subscribers at June 2011.[56] At December 2011, Austar had 755,374 subscribers compared to 764,250 subscribers at June 2011.

Community radio broadcasting licences

Community broadcasting services are radio and television broadcasting services that are provided for community purposes and must not be operated for profit or as part of a profit-making enterprise, and must encourage community participation in service operation and programming.

At 30 June 2012, there were 362 long-term community radio broadcasting licences, representing a range of community interests (Table 1.13). Forty-eight per cent of community radio broadcasting services represent the general community in their respective licence areas.

During 2011–12, the ACMA:

> renewed 59 community radio broadcasting licences

> did not refuse the renewal of any community broadcasting licences

> allocated six community radio broadcasting licences in Armidale, Bankstown and Narrandera (New South Wales), Palm Island (Queensland), Oatlands (Tasmania) and Goolwa (South Australia)

> decided not to allocate the community radio broadcasting licence for Upper Murray, Victoria.

Table 1.13 Community radio broadcasting services by community interest, June 2012

Community interest	Number	% of total
Aboriginal and Torres Strait Islander	99	27.3%
Educational/special interest	22	6.1%
Ethnic	6	1.7%
General geographic area	175	48.3%
Music	9	2.5%
Religious	34	9.4%
Senior citizen	9	2.5%
Youth	8	2.2%
Total	**362**	**100%**

Source: The ACMA.

Temporary community radio broadcasting licences

The temporary community radio broadcasting licence scheme allows the ACMA to allocate non-renewable community radio licences to eligible aspirant broadcasters. There were 96 temporary licences at 30 June 2012.

Community television services

There were 81 long-term community television broadcasting licensees at 30 June 2012, of which three were in the metropolitan areas of Brisbane, Melbourne and Sydney. The remaining 78 were remote Indigenous broadcasting services.

The ACMA renewed four community television broadcasting licences, all of which were remote Indigenous broadcasting services.

Community television trials

During 2011–12, the ACMA made spectrum available for a community television trial in Adelaide for the period 5 July 2012 to 30 June 2013.

A community television trial is continuing in Perth for the period 16 April 2011 to 30 June 2013.

These services are made possible by a condition on the apparatus licences that they be used only to provide an open narrowcasting television service for community and educational non-profit purposes.

Digitisation of community television services in metropolitan areas

On 4 November 2009, the Minister for Broadband, Communications and the Digital Economy announced a pathway for the five existing metropolitan community television services to convert to digital mode. The initiative provided for the temporary digital simulcast of three long-term community television services (in Sydney, Melbourne and Brisbane) and one trial community television service (in Adelaide), until the end of the simulcast period that applies to commercial and national services in their respective licence areas. Under the policy, the trial community television service in Perth could commence transmission in digital mode only (Table 1.14).

The ACMA has allocated new apparatus licences to the broadcasters of each community television service to enable them to provide their digital services. These licences contain specific conditions that reflect the parameters set by the government's decision.

In August 2011, the ACMA varied the licence area plans in Sydney, Melbourne and Brisbane to allow community television broadcasters in those areas to end their simulcast (and provide a digital-only service), prior to the end of their respective commercial and national simulcast period. The community television broadcasters in Sydney, Melbourne and Brisbane, and the community television trial broadcasters in Perth and Adelaide are all now providing digital-only services.

Table 1.14 Digital transmission of community television services

Area served	Simulcast start date	Digital-only start date
Sydney	March 2010	March 2012
Perth	n/a	March 2010
Melbourne	May 2010	March 2012
Brisbane	June 2010	May 2011
Adelaide	September 2010	June 2012

n/a=not available.
Source: The ACMA.

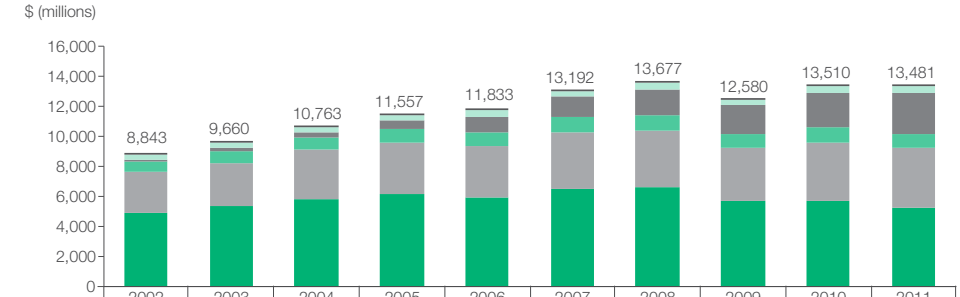
Advertising expenditure in main media

Revenue from advertising is critical to the commercial sustainability of the commercial broadcasting and print media sectors. Advertising revenue is estimated to account for 90 per cent of total revenue for the free-to-air television broadcasting sector.[57] Trends in advertising expenditure provide an insight into market conditions and the challenges facing traditional media models in Australia in the face of increasing use of the internet to deliver and access news and digital content services.

Commercial Economic Advisory Service of Australia (CEASA) data shows that total advertising expenditure across the main media categories (print, television, radio, online, outdoor and cinema) has risen consistently over the past decade with the exception of a significant decline during the global financial crisis (GFC) in 2009.

CEASA data for the year ended 31 December 2011 (Figure 1.20) indicates that total advertising expenditure is yet to reach pre-GFC levels, with advertising expenditure declining by 0.2 per cent during 2011 to reach $13.48 billion. Print and television attracted the majority of advertising expenditure during 2011—39 per cent and 29 per cent respectively.

Figure 1.20 Distribution of advertising expenditure across main media

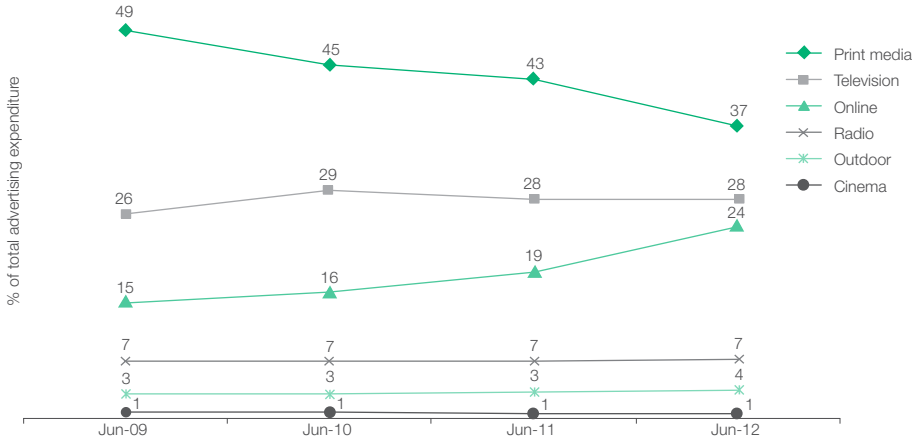


	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cinema	57.9	65.8	74.1	83.6	85.5	93.0	96.0	88.7	99.4	78.8
Outdoor	261.0	296.6	327.1	353.8	378.7	436.5	453.9	399.9	477.3	493.5
Online	167.0	236.0	388.0	620.0	1,001.0	1,346.0	1,710.3	1,871.3	2,264.5	2,660.3
Radio	702.4	737.0	841.6	897.5	924.8	984.4	992.0	936.2	1,001.3	1,008.3
Television	2,659.4	2,923.8	3,265.5	3,376.1	3,419.7	3,750.2	3,729.0	3,484.3	3,888.9	3,950.1
Print media	4,995.3	5,400.4	5,866.3	6,226.0	6,023.5	6,582.0	6,695.7	5,799.4	5,778.3	5,289.8

Source: CEASA, The Ceasa Report, Advertising Expenditure in Main Media, year ended 31 December 2011.

CEASA data for the six months ending 30 June shows a marked decline in the proportion of advertising expenditure for print media and the continued growth in the online sector.

Figure 1.21 Distribution of advertising expenditure by main media category for six months ended 30 June



Source: CEASA, The Ceasa Report, Advertising Expenditure in Main Media, year ended 30 June 2012.

Growth in expenditure on online advertising channels

According to CEASA figures, expenditure on online advertising grew by nearly 17.5 per cent to total $2.7 billion over the 2011 calendar year. This represented a 20 per cent share of total media advertising expenditure compared to 17 per cent during 2010 and 15 per cent during 2009. During 2011:

> 53 per cent of online advertising expenditure was accounted for by online search and directories

> 23 per cent was accounted for by classifieds

> 24 per cent was accounted for by other online channels.

Search and directories recorded the highest growth in online advertising expenditure—25 per cent growth compared to nearly 16 per cent for general classifieds and just four per cent for other categories.[58]

While offline print media continues to account for the largest share of total advertising expenditure in Australia, its market share has steadily declined from 56 per cent (nearly $5 billion) during 2002 to 39 per cent (nearly $5.3 billion) during 2011. The market share decline is further reinforced by research that shows a reduction in traditional offline newspaper readership and the growing importance of online news and information sources. For example:

> Roy Morgan research found that at June 2012, 23 per cent of the Australian population aged 14 years and over was estimated to read traditional newspapers less often since using the internet, compared to 21 per cent at June 2011.

> ACMA research found that at May 2012, 43 per cent of the adult population identified the internet as either important or very important for accessing news daily.[59]

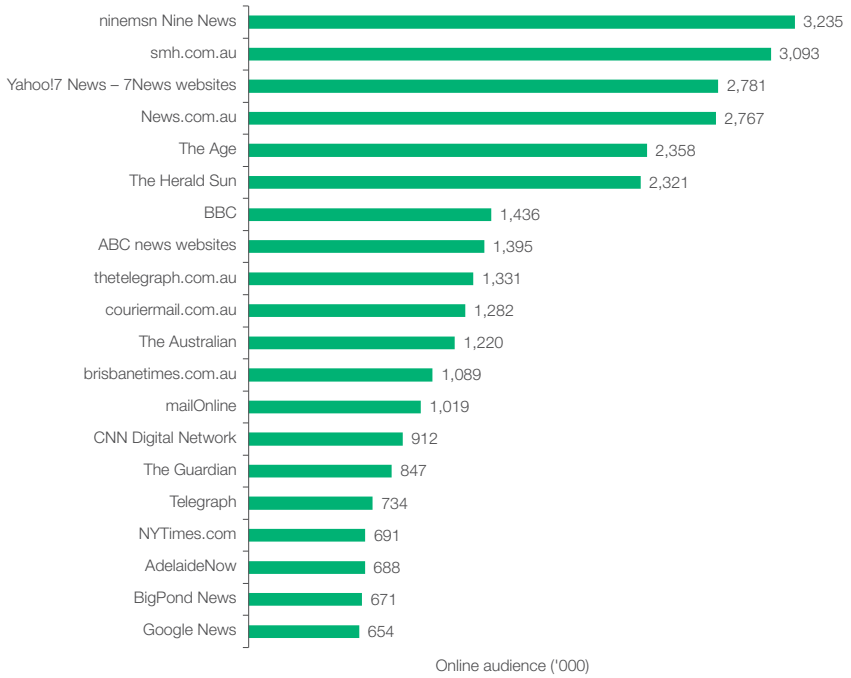
The shift to online news formats and the introduction of user-pays models

Figure 1.22 shows that many of the major daily newspapers in Australia already have a significant number of readers accessing their online news sites. However, non-print news and international organisations (for example, Yahoo!7News, BBC, ABC, BigPond and Google News) are also attracting significant online readership in Australia. With revenues from traditional print media in decline, pay-per-view models are being explored as a mechanism to generate revenue from this growing online audience (Table 1.15).

Australia's two largest media organisations, News Limited and Fairfax Media, announced their decisions to erect paywalls to restrict access to their mainstream publications to paying readers. Despite initial reservations from some consumers, the popularity of digital newspaper subscriptions has been increasing. *The Australian* reached a daily paid online readership of 40,000 in March 2012.[60] Fairfax Media's *Australian Financial Review,* which has charged for its content since 2006, has seen its digital subscriber level rise from 11,000 to 20,455 in the six months to June 2012, facilitated by reducing the price of an online-only subscription by more than a third in November 2011.[61]

In June 2012, Fairfax Media indicated that paywalls would also be installed at the *Sydney Morning Herald* and *The Age* websites as part of a major restructure presented as a 'transition to a digital-only model'.[62]

Figure 1.22 Australians accessing online news sites during June 2012



Note: Relates to use of a particular site at least once in the month of June.
Source: Nielsen Online, June 2012.

Table 1.15 Selected user pay news services

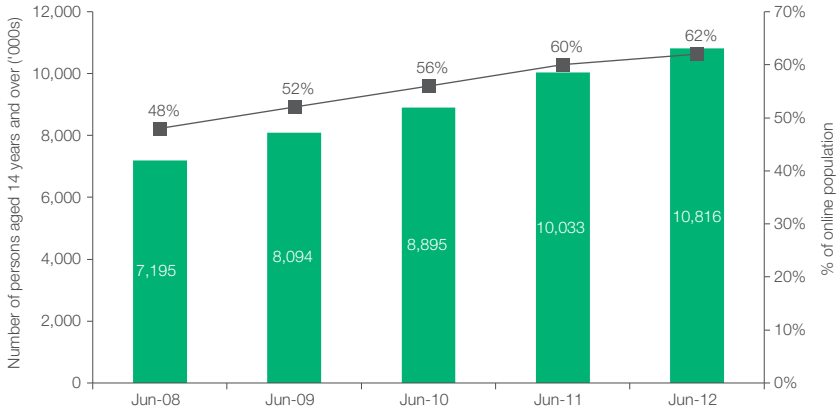
Owner	Publication/s	Paywall launch date	Cost at 30 June 2012*	Number of paid online subscribers†
News Limited	*The Australian*	October 2011	$7.95 per week	40,000‡
	Herald Sun	March 2012	$2.95 per week	n/a

Fairfax	SMH, *The Age*	October 2012	$18 per month	22,074 (SMH), 11,251 (*The Age*)
	Australian Financial Review	2006	$59 per month	20,455 (June 2012)

SMH=Sydney Morning Herald. *n/a=not available.*
**Provider websites.*
†Lee, J., 'News Ltd quiet about its digital claim', Business Day, *14 August 2012.*
‡25% paper subscribers with free access.
Source: Company websites.

Growth in online advertising expenditure in Australia reflects increasing levels of online participation and the role the internet is playing in facilitating everyday social and economic activities. During June 2012, an estimated 14.3 million Australians aged 14 years and over went online compared to 13.5 million during June 2011.[63] Australians are going online more frequently, with the number of internet users going online at least once a day increasing by nearly eight per cent during 2011–12 to 10.8 million persons (Figure 1.23).

Figure 1.23 Australians going online more than once a day



Source: Roy Morgan Single Source, June 2012.

Report 2 in the ACMA *Communications report 2011–12* series, *Australia's progress in the digital economy,* found that Australians are performing a wider range of activities online and that increasing numbers of consumers are accessing online digital media services.

Consumer use of traditional media and growth in online digital content activities

Despite the advent of online content service delivery models, Australians' levels of usage of traditional media channels (television and radio services) have remained relatively stable over the past five years. This is reflected in figures 1.24 and 1.25, which show time spent watching and listening to commercial television and radio. However, with the availability of higher-speed internet services and the growth in online content services, Australians have increased their media consumption by accessing content online in addition to their existing offline media usage.

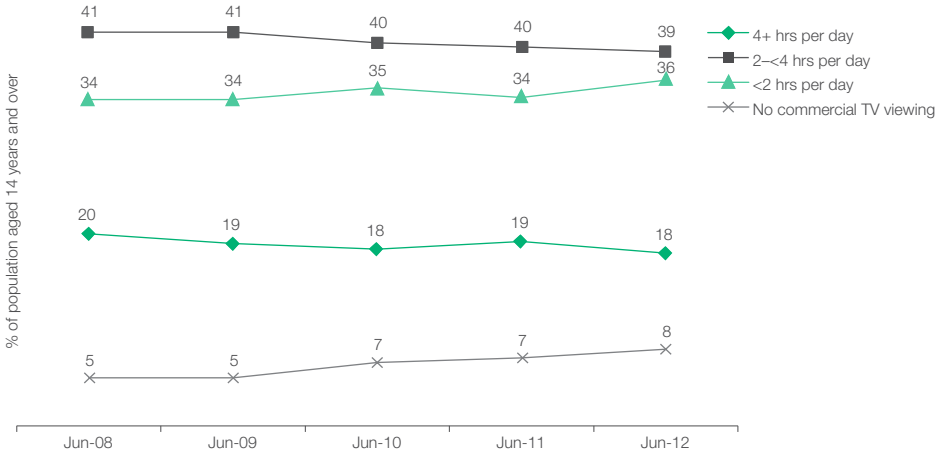
More people are streaming content online while activities such as downloading short video clips have decreased, likely a result of increased take-up of higher internet speeds and data allowances (Figure 1.26). During June 2012:

> 4.4 million persons streamed videos online, a 67 per cent increase over June 2011

> 2.1 million streamed music, an increase of 71 per cent since June 2011

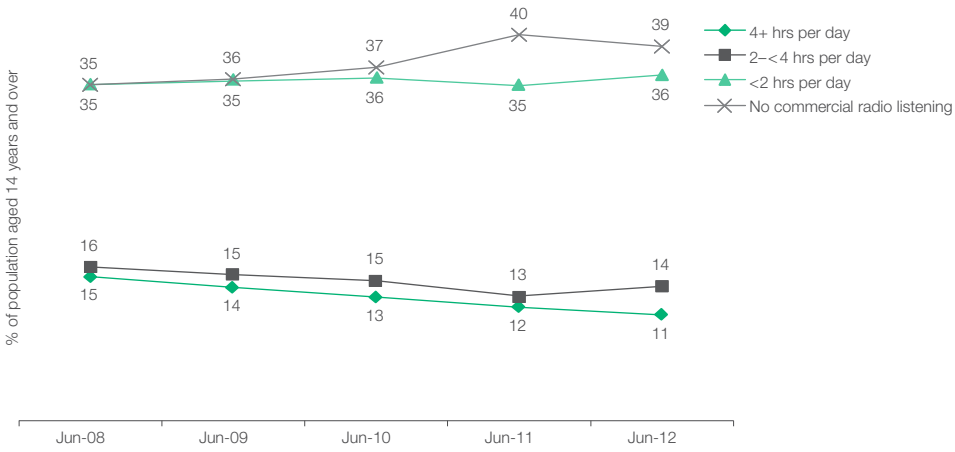
> nearly 1.6 million streamed TV programs, an increase of 47 per cent since June 2011.

Figure 1.24 Commercial television viewing on a normal weekday



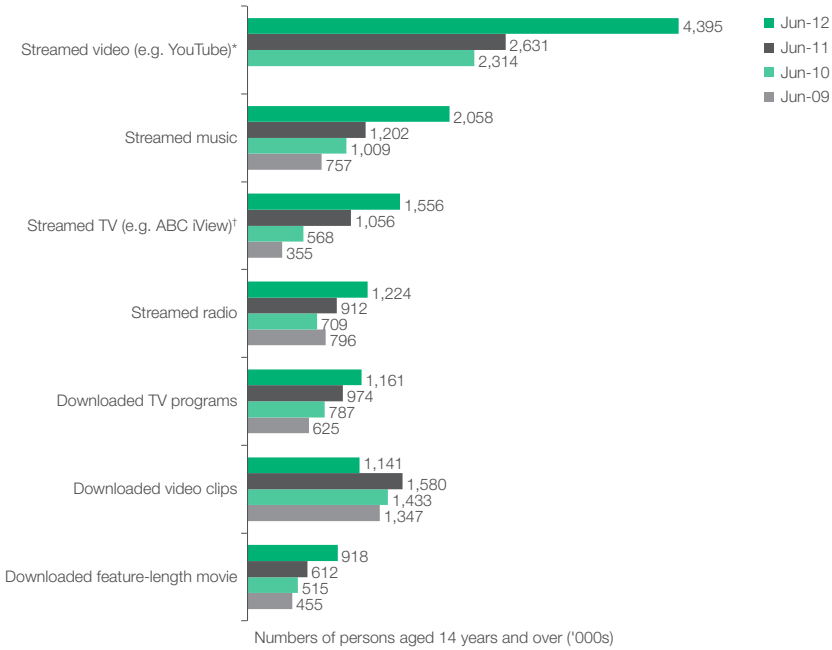
Source: Roy Morgan Single Source, June 2012.

Figure 1.25 Commercial radio listening on a normal weekday



Source: Roy Morgan Single Source, June 2012.

Figure 1.26 Digital media activities undertaken online by Australians during the month of June



**Data not available for June 09. Excludes full-length TV content.*
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Note: Comparable data before 2009 not available.
Source: Roy Morgan Single Source, June 2012.

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Chapter 2
National interest issues

Overview

This chapter provides information on the performance of the emergency call service and the communications industry's support for law enforcement and national security agencies in terms of maintaining communication interception capabilities and authorised disclosure of information. Information on the protection of Australia's critical submarine cable infrastructure and radiocommunications interference complaints is also presented.

Key developments in relation to national interest issues during 2011–12 included:

Emergency call service

- Calls to the emergency service numbers Triple Zero and 112 increased by just over six per cent to 9,429,595 from 2010–11.
- Calls made from mobile phones accounted for 67 per cent of calls to emergency service numbers, compared with nearly 64 per cent during 2010–11.
- Formal warnings for misusing the Triple Zero service were issued to 1,359 callers, compared to 1,414 callers during 2010–11.
- Genuine emergency calls made via:
  - the 106 text emergency service decreased to 142, compared to 175 genuine calls in 2010–11
  - the NRS across all modes decreased to 465, compared to 511 calls made in 2010–11.
- Telstra continued to perform above the regulatory requirement for emergency call answering—95.8 per cent of calls to Triple Zero and 112 were within five seconds and 98.9 per cent within 10 seconds.

Disclosures and interception

> Disclosures made by carriers and carriage service providers decreased by just over four per cent to 697,431, in comparison to 2010–11.

> The cost to industry of providing interception capability was $16,841,846, a decline of just over four per cent, in comparison to 2010–11.

Complaints

> The ACMA received:

  > 450 domestic systems interference complaints, compared to 366 during 2010–11

  > 444 radiocommunications interference complaints, compared to 465 during 2010–11.

At June 2012, there were 62.1 million connected records on the IPND, an increase of just over four per cent compared to June 2011.

Emergency call service

Under the Telecommunications (Emergency Call Service) Determination 2009 (the Emergency Call Service Determination), CSPs are required to provide free access to the emergency call service from standard telephone and mobile services. The emergency call service is an operator-assisted service that connects callers to an emergency service organisation (ESO)—police, fire or ambulance—in life-threatening or time-critical situations.

The emergency call service is provided by the emergency call persons (ECPs):

> Telstra—for calls made to the primary emergency call number (Triple Zero) and to the international emergency number 112 for GSM and WCDMA mobile phones

> Australian Communication Exchange (ACE)—for calls made to the 106 text service for people who are deaf or have a hearing or speech impairment.

This section outlines the volume and type of calls to the emergency call service, along with the performance of the ECP in answering emergency calls.

Emergency call service—Triple Zero and 112

ECP data shows that there was a larger than expected increase in the number of calls to the Triple Zero and 112 emergency service numbers in 2011–12. During this period, there were 9,429,595 calls to Triple Zero and 112, an increase of 562,404 (6.3 per cent) from 2010–11 (Table 2.1).

The ECP has attributed this increase to an unexpectedly high number of accidental calls to Triple Zero due to a faulty mobile handset entering the Australian market. The faulty device made it possible to unintentionally press the zero key three times and initiate a Triple Zero call without a confirmation prompt or the 'dial' key being pressed when the handset was locked. A program to replace the faulty handsets was implemented in November 2011 that effectively addressed the issue. The ACMA estimates that this fault could have caused between 250,000 and 300,000 accidental calls to Triple Zero in 2011–12.

In 2011–12, the proportion of emergency calls made from mobile phones continued to rise and reached 67.1 per cent (see Table 2.1). Calls from fixed-line telephones represented 30 per cent, with three per cent made from public payphones.

Telstra's performance in answering emergency calls

Section 32 of the Emergency Call Service Determination sets out performance criteria for the ECP's answering of calls to Triple Zero and 112, as follows:

> 85 per cent of emergency calls answered within five seconds

> 95 per cent of emergency calls answered within 10 seconds.

As in previous years, Telstra performed above the regulatory requirement in the reporting period (Table 2.1).

Calls connected to emergency service organisations

The ECP transfers emergency calls to the relevant state or territory emergency service answering point, which is responsible for arranging for the dispatch of an emergency response. Calls identified by the ECP as being non-emergency calls are not connected to an ESO. Non-emergency calls include misdials, automatically generated calls from incorrectly programmed fax machines or modems, callers reporting matters that are not emergencies, and hoax and malicious calls.

The ACMA is continuing to monitor the results of an escalated warning process managed by Telstra (as the ECP for 000 and 112) and the three mobile carriers, which can lead to mobile handsets being blocked from making most calls if they make repeated non-emergency calls to Triple Zero. On average, 95 per cent of callers making repeated non-emergency calls are deterred from further misuse after receiving a warning from the ECP. In 2011–12, 1,359 callers were formally warned for misusing the Triple Zero service, compared to 1,414 callers during 2010–11, and one service was suspended following multiple warnings.

Table 2.1 Call volumes to emergency call service numbers Triple Zero and 112, and call answering times

	2007–08	2008–09	2009–10	2010–11	2011–12
Total number of calls offered	12,220,196	10,301,011	8,833,683	8,867,191	9,429,595
Calls answered	90.8%	93.1%	95.4%	95.8%	96.0%
Calls answered in five seconds or fewer	96.2%	96.3%	96.7%	95.7%	95.8%
Calls answered in 10 seconds or fewer	98.8%	98.3%	99.0%	99.1%	98.9%
Answered calls transferred to an ESO	48.8%	55.8%	62.8%	63.1%	61.5%
Offered calls from mobile phones	61.4%	62.8%	62.9%	63.9%	67.1%

Note: The term 'calls offered' refers to the number of calls received by the ECP after the Recorded Voice Announcement (RVA). The RVA gives people who have inadvertently or otherwise dialled Triple Zero the opportunity to hang up before being connected to the ECP.
Source: Emergency call person (Telstra).

Precise mobile location for emergency service organisations

Since 20 April 2011, under the Emergency Call Service Determination, and on request from an ESO, a mobile carrier is required to provide the most precise information it has available about the location of the customer equipment from which the emergency call originated as soon as possible after the request is received. This is an important step in improving the delivery of mobile location information to enhance the emergency call service. During the reporting period, the mobile carriers responded to 3,475 requests from ESOs for precise mobile location information. The ACMA has not received any complaints from ESOs about mobile carrier compliance with this requirement.

In addition, the ACMA is continuing to work with industry and ESOs in implementing a longer-term solution that would see the automatic delivery of precise mobile location information with every emergency call.

Emergency call service requirements industry code

In November 2011, the ACMA registered the revised Industry Code—C536:2011 *Emergency Call Service Requirements*. While the core requirements from the previous code largely remain, the revised code introduces a number of important improvements that take account of technological changes and other developments. It also includes new rules for managing communications during significant network outages and for maintaining an industry contact list that will be available to ESOs on request.

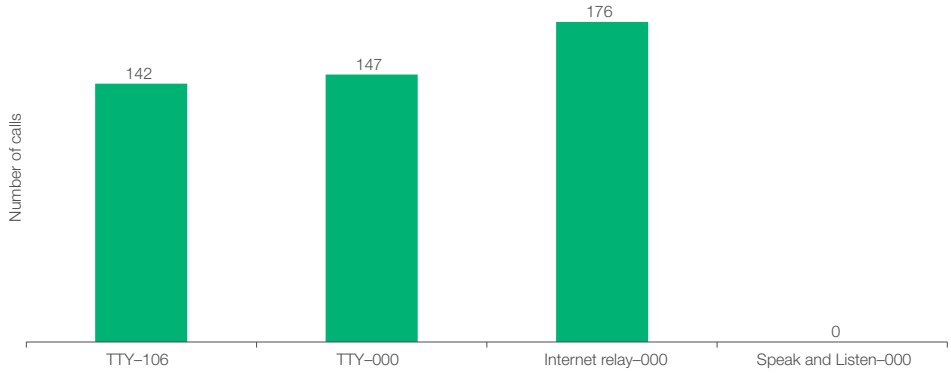
Emergency call service—106 text service

The relay service provider for the NRS is specified as an ECP in the Telecommunications (Emergency Call Persons) Determination 1999. ACE is currently contracted by the Commonwealth as the NRS relay service provider and operates a text emergency service on the 106 number in this capacity. The 106 text emergency service is available for users with a teletypewriter (TTY). There were 142 genuine calls to ESOs via the 106 text emergency service in 2011–12, compared to 175 genuine calls in 2010–11 and 227 in 2009–10.

As shown in Figure 2.1, a similar number of genuine calls were relayed by the NRS to ESOs via the Triple Zero emergency services number. In these circumstances, TTY users contacted the NRS via normal access numbers and requested the call be relayed to Triple Zero, rather than dialling the 106 text emergency service number. Calls to Triple Zero can also be relayed through the NRS for internet relay and Speak and Listen (speech-to-speech relay) callers, as these users are unable to access the 106 service.

A total of 465 genuine emergency calls were made via the NRS across all of these modes in 2011–12 (Figure 2.1), compared to 511 calls made during 2010–11.

Figure 2.1 Genuine emergency calls via the NRS, 2011–12



Source: NRS service provider (ACE).

The increasing reliance of NRS users on accessing emergency services via the Triple Zero service led to discussions between ACE and the ACMA about future arrangements for handling such calls. During 2011–12, ACE completed a project to upgrade their internal systems to provide for increased prioritisation in answering calls from TTY and internet relay users requesting connection to Triple Zero.

Disclosure of customer information

Customer information provided to telecommunications carriers, CSPs and telecommunications contractors is protected under Part 13 of the Act. Carriers, CSPs and telecommunications contractors are prohibited from disclosing that information to other parties except in certain limited and restricted circumstances. Those circumstances include:

> where it is required or authorised by a warrant or under law

> disclosure to the ACMA, ACCC, TIO or Telecommunications Universal Service Management Agency

> an imminent threat to a person's life or health

> satisfying the business needs of other carriers and CSPs where the customer is or was a customer of a carrier or CSP.

Carriers and CSPs are required to report to the ACMA on any disclosures that are authorised under Part 13 of the Act or Chapter 4 of the TIA Act. During 2011–12, the number of disclosures made under Part 13 of the Act by CSPs and carriers declined by just over four per cent from 2010–11. The number and reason for disclosures made during 2011–12, as reported to the ACMA under section 308 of the Act, are provided in Table 2.2.

Table 2.2 Disclosures

Reason for disclosure	(Sub) section	Number of disclosures	
		2010–11	2011–12
Under the *Telecommunications Act 1997*			
Authorised by or under law	280	7,725	9,178
Made as a witness under summons	281	46	40
To assist the ACMA	284(1)	2,836	1,734
To assist the ACCC	284(2)	2	6
To assist the TIO	284(3)	20,084	7,472
Calls to emergency service number	286	102	2,605
To avert a threat to a person's life or health	287	7,288	8,731
Communications for maritime purposes	288	0	0
With the knowledge or consent of the person concerned	289	124,323	90,489
In circumstances prescribed in the Telecommunications Regulations 2001	292	19	0
Connected with an exempt disclosure	293	0	0
Subtotal		**162,425**	**120,255**
Under the *Telecommunications (Interception and Access Act) 1979*			
Voluntary disclosure	177	132	267
Authorisations for access to existing information or documents—enforcement of the criminal law	178	549,859	565,404
Authorisations for access to existing information or documents—locating missing persons	178A	214	1,973
Authorisations for access to existing information or documents—enforcement of a law imposing pecuniary penalty or protection of the public revenue	179	7,141	7,992
Authorisations for access to prospective information or documents	180	9,651	1,540
Subtotal		**566,997**	**577,176**
Total		**729,422**	**697,431**

Note: Legislative amendments introduced the section 178A disclosure in March 2011.
Source: Carriers.

Interception

The content of communications between users of telecommunications services is strictly protected in Australia as one of the most crucial areas of privacy protection. Interception may only be authorised by law enforcement and national security agencies in accordance with a warrant under the TIA Act. Interception for other purposes is prohibited, with criminal penalties applicable for breaches of the TIA Act.

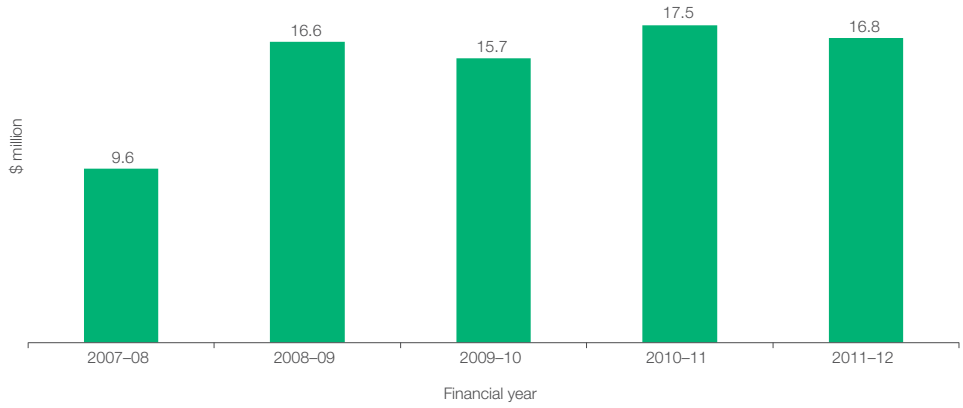
Cost of providing assistance

Chapter 5 of the TIA Act obliges carriers and CSPs to ensure that their networks, facilities and carriage services are capable of enabling communications to be intercepted upon presentation of an interception warrant.[1] This obligation includes a requirement to develop, install and maintain an interception capability.

Section 314 of the Act sets out the terms and conditions under which carriers and CSPs are required to provide help to an agency. Carriers and CSPs are generally permitted to recover from enforcement agencies the cost of providing assistance on the basis that the industry neither profits from, nor bears the costs of, giving that help. However, under section 207 of the TIA Act, carriers and CSPs are responsible for the costs associated with providing interception capability in their representative networks.

In 2011–12, the cost to industry of providing interception capability was $16,841,846 (Figure 2.2), a decrease of $664,180 or just over four per cent from 2010–11.

Figure 2.2 Cost of providing interception capabilities



Source: The ACMA annual industry data request.

Interception capability plan compliance

Under sections 196 and 197 of the TIA Act, carriers and nominated CSPs must lodge an interception capability plan by 1 July each year with the Communications Access Co-ordinator in the Attorney-General's Department (AGD).[2] The ACMA's role is to enforce this obligation. Compliance with this obligation was satisfactory in 2011–12, although over 60 carriers submitted their plans after the due date.

During the reporting period, AGD referred nine carriers to the ACMA for enforcement action. Seven subsequently complied with their obligations and two surrendered their carrier licences.

Role of the Integrated Public Number Database (IPND)

The IPND is an industry-wide database of all listed and unlisted telephone numbers and associated customer information, including customer name and address and the name of each customer's CSP. Under its carrier licence conditions, the IPND Manager is Telstra.

Telstra reported that the IPND contained 62.1 million connected records at 30 June 2012, an increase of just over four per cent on the 59.5 million records held one year previously.

Investigation into CSP compliance with IPND requirements

During the reporting period, the ACMA completed a program of 25 investigations into CSP compliance with their obligations to provide accurate customer data to the IPND. While the majority of the 25 CSPs achieved a compliance level of 95 per cent or above, the ACMA formally warned Lycamobile Pty Ltd in April 2012 for not complying with its regulatory obligations.

Handling of life-threatening and unwelcome communications industry code

The C525:2010 *Handling of Life Threatening and Unwelcome Communications* industry code sets out obligations on carriers, CSPs and the NRS provider in responding to requests from customers and police to resolve life-threatening situations and unwelcome communications.

During the reporting period, the TIO confirmed that there were no code breaches from 604 new complaint issues under this code. This is an improvement on the two code breaches the TIO confirmed from 711 complaint issues in 2010–11.

Submarine cable protection

Australia currently has three submarine cable protection zones—two off the Sydney coast and one off the Perth coast. At present there are nine submarine cables connecting Australia to seven countries—Fiji, Guam, Indonesia, New Caledonia, New Zealand, Papua New Guinea and the United States.

In 2011–12, the ACMA granted two installation permits (a protection zone permit and a non-protection zone permit) to Nextgen Networks Pty Ltd for a submarine cable intended to connect City Beach in metropolitan Perth to Singapore. The permits authorise installation of a cable in the Perth Submarine Cable Protection Zone and the Australian Economic Exclusion Zone. No new submarine cables protection zones were considered. A number of submarine cable projects were reported by the media in 2011–12 and this may give rise to permit applications in the next reporting period.

In 2010–11, no cable installation permits were granted and no submarine cable protection zones were considered.

Radiofrequency interference complaints

Under the *Radiocommunications Act 1992* (the Radiocommunications Act), the ACMA investigates complaints about radiofrequency interference to licensed radiocommunications equipment and services. Interference can be classified as either domestic systems or radiocommunications interference.

Domestic systems interference

Domestic systems interference (DSI) refers to interference to the reception of radio or television broadcasting, usually in domestic premises. It also encompasses audio interference caused by nearby radio transmitters, such as those used by citizen band or amateur radio operators, or from other radio services with a transmitter located nearby. A new complaints process requiring those affected by DSI to seek the assistance of a technician before making a complaint to the ACMA was introduced during the reporting period.

During 2011–12, complaints of interference to terrestrial digital television services continued to outnumber other DSI complaints by over 59 per cent—possibly a result of the increased take-up of digital television.

Masthead and distribution amplifiers (associated with television antenna installations) and household equipment (excluding computers) continue to be the major contributing sources of DSI.

Just over 13 per cent of DSI complaints required any compliance action by the ACMA in 2011–12.

Figure 2.3 Domestic systems interference complaints and compliance actions

Source: Domestic system interference complaints to the ACMA.

Further information on DSI, including the number and type of affected services, sources of interference, cause and remedies, along with ACMA enforcement action for domestic systems interference complaints is available on the ACMA's *engage* website at engage.acma.gov.au/acmai/radiofrequency-interference-complaints-2012-12.

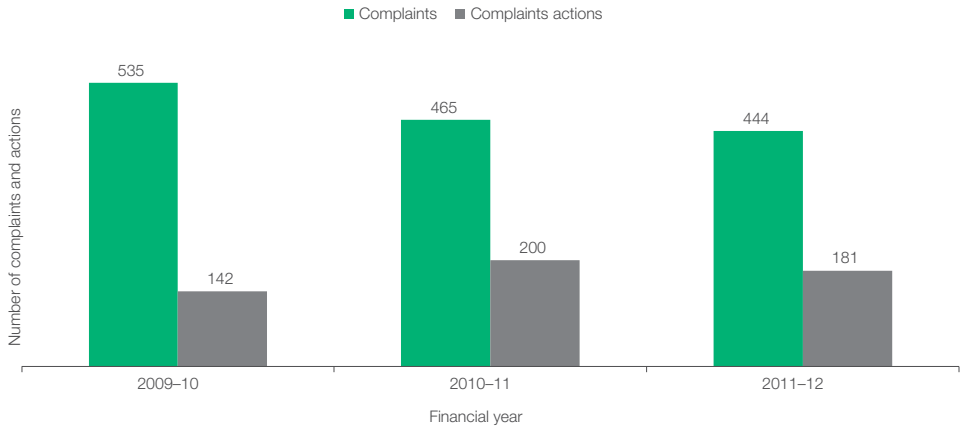
Radiocommunications interference

Radiocommunications interference (RCI) is interference affecting a radiocommunications receiver used for non-broadcasting purposes such as public safety, commercial and recreational services.

During 2011–12, mobile telephone services continued to be more affected by interference than any other type of service. Complaints of interference to 2G (GSM) mobile services continued at the same level as the previous year, with a noticeable increase in complaints about 3G mobile services.

The number of complaints overall continued to decrease, although at a lower rate than previous years (Figure 2.4). Radiocommunications transmitters continue to be the significant source of interference. During the reporting period, there was a reduction in compliance actions involving issuing advice and warning notices. These compliance actions were generally effective and required no further action. Consequently, no prosecutions relating to RCI were initiated.

Figure 2.4 Radiocommunications interference complaints and compliance actions



Source: The ACMA.

Further information on RCI, including the number and type of affected services, sources of interference, cause and remedies, along with identified contraventions of the Radiocommunications Act and subsequent ACMA enforcement action for radiocommunications interference complaints is available on the ACMA's *engage* website at engage.acma.gov.au/acmai/radiofrequency-interference-complaints-2012-12.

Endnotes

1 The definition of a carrier under section 5 of the TIA Act includes CSPs for these provisions.
2 Nominated CSPs include those covered by a declaration in force under section 197 of the TIA Act.

Chapter 3

Telecommunications consumer safeguards and quality of service

Overview

Chapter 3 provides information about the telecommunications industry's performance in meeting regulatory obligations. Key performance areas covered in this chapter relate to the CSG Standard, the Network Reliability Framework (NRF), priority assistance, the NRS, number portability, and telemarketing and spam investigations. Industry compliance with telecommunications codes is also discussed, as are trends in TIO complaints and the ACMA's consumer satisfaction research.

During 2011–12:

Regulated services in operation

> Total payphone numbers declined by just under seven per cent to 31,032.

> Fixed-line telephone services in operation covered by the CSG Standard fell by just over two per cent to 7.12 million services.

> The number of priority assistance customers increased by just over 15 per cent to reach 221,566.

> Call minutes relayed over the NRS decreased by just over seven per cent to 2,966,912. Internet relay's share of total call minutes relayed increased from 44 per cent to 52 per cent.

CSG performance

> The number of occasions where customers waived their rights under the CSG Standard increased by 246 per cent to reach 228,243—the majority of waivers during the period were attributed to iiNet.

> The performance of the major CSPs in meeting CSG Standard time frames for new service connections ranged from 88.9 per cent (Telstra) to 99.0 per cent (Primus).

> For appointments covered by the CSG Standard, Telstra did not meet the required appointment-keeping time frames in 1.9 per cent of cases and Optus did not meet 5.0 per cent.

> As a result of failing to meet CSG Standard time frames, CSP compensation payments to customers totalled $5.77 million, a decline of nearly 19 per cent.

Number portability

> 627,160 local numbers were ported, a decrease of 11 per cent.

> 2,672,350 mobile numbers were ported, an increase of nearly 39 per cent.

Do Not Call Register

> Telephone numbers registered on the Do Not Call Register increased by 22 per cent to reach 7.73 million.

Australian Internet Security Initiative

> Under the Australian Internet Security Initiative (AISI), the average number of automated daily reports provided to ISPs about infected computing devices residing on their networks increased marginally by 0.3 per cent to reach 16,517.

Registered cablers

> The number of cablers registered with an ACMA-accredited registrar increased by three per cent to 67,637.

Complaints

> Consumers made 21,969 complaints to the ACMA—an 11 per cent increase. 19,000 of these raised potential breaches of the DNCR Act.

> 193,702 new complaints were made to the TIO, a decrease of two per cent.

> There were 464,706 complaint issues for the TIO (a decrease of eight per cent), with:

  > 296,065 complaint issues relating to mobile phone services, up three per cent

  > 88,121 complaint issues concerning fixed-line telephone services, down 24 per cent

  > 75,362 complaint issues concerning internet services, down 21 per cent.

Overall satisfaction levels

> The majority of Australian communications consumers are generally satisfied with their communications services. Overall satisfaction levels are higher for internet users (87 per cent) than fixed-line telephone or mobile phone users (78 per cent and 73 per cent). However, satisfaction with service components—for example, price and customer service—is generally lower.

Fixed-line consumer safeguards

Amendments to telecommunications legislation in 2010 introduced new powers. They included strengthening the protections offered by the universal service obligation (USO) and the CSG, to enable the ACMA to continue to protect consumers in the transition to the NBN, to maintain and improve service quality and to ensure continued access to basic voice services.

Universal service obligation

The USO is a safeguard for consumers, ensuring that all people in Australia, wherever they live or conduct their business, have reasonable access on an equitable basis to standard telephone services and payphones. The term USO is defined in section 9 of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (the TCPSS Act).

USO levies and payments

A person who held a telecommunications carrier licence at any time during 2011–12 (eligible revenue period)—a 'carrier'—is a participating person for that period (under section 20A of the

TCPSS Act) unless the person's gross telecommunications sales revenue, initial sales revenue or eligible revenue is less than $25 million for that period and the person provides the ACMA with an eligible statutory declaration to that effect (see the Telecommunications (Participating Persons) Determination 2011). A participating person is required to make a proportionate contribution based on their eligible revenue towards the cost of providing the USO.

The minister determines the amount of the subsidy for supplying the USO, following advice from the ACMA. In 2011–12, the subsidy was approximately $145 million, the same as for 2010–11 and 2009–10.

A participating person's contribution to the cost of providing the USO (the USO levy) is calculated by the ACMA in accordance with the TCPSS Act and is based on the person's eligible revenue for the relevant eligible revenue period. Eligible revenue is the revenue earned by a carrier and its related parties from operations in the Australian telecommunications industry, minus certain deductions. For most participating persons, their contributions to subsidising the universal service provider (USP) are calculated in the following way:

1. Each participating person's eligible revenue is divided by the total eligible revenue of all participating persons.
2. This amount is multiplied by the amount of the USP entitlement.
3. Added to this figure is any previous year's shortfall in USO levies collected up to the subsidy amount.

This calculation is also applied to assess the levy debit for the USP. To ensure that the USP also pays its share of the cost of fulfilling the USO, this levy debit is subtracted from the amount of subsidy determined by the minister. The contribution of each participating person that is in receivership, liquidation or has ceased to exist to subsidise the USP is calculated according to the participating person's share of the total eligible revenue of all participating persons multiplied by the amount of the USP entitlement. The ACMA assessed Telstra, as the primary USP, as being entitled to a levy credit of $145,076,237 for the 2011–12 claim year.

Table 3.1 sets out the eight largest USO liabilities and entitlements of carriers for 2011–12, based on eligible revenue for 2010–11. Of 194 carriers, 51 were required to submit an eligible revenue return for 2010–11. Of these, eight were assessed as having nil eligible revenue and were not required to contribute to the universal service costs incurred. The levy payable for each of the remaining carriers ranged from $3.24 to $23,621,553.08.

From 1 July 2012 under the *Telecommunications Universal Service Management Agency Act 2012* (TUSMA Act), the responsibilities of the new Telecommunications Universal Service Management Agency will include making arrangements to support the provision of public interest telecommunications services, which include standard telephone services and payphones. This work will be funded by an industry levy collected by the ACMA, which will replace the current USO and NRS funding scheme.

Table 3.1 Liabilities and entitlements for the eight largest participating persons, 2011–12

	Total cost claims ($)	Levy debit ($)	Levy payable ($)	Levy receivable ($)
Telstra				
Telstra Corp.	145,076,237.00	86,471,941.09		58,604,295.91
Telstra Multimedia		1,394,932.20	1,394,932.20	
Optus				
Optus Mobile		23,621,553.08	23,621,553.08	
Optus Networks		7,371,361.76	7,371,361.76	
Vodafone				
Vodafone Hutchison Australia		12,058,113.49	12,058,113.49	
Vodafone Australia		4,898,817.35	4,898,817.35	
AAPT		1,657,907.90	1,657,907.90	

Chime Communications	1,247,407.91	1,247,407.91

Source: The ACMA.

Public payphones

Payphone services in Australia are provided either on a commercial basis or as part of the USO. Telstra is the current Primary Universal Service Provider (PUSP) for payphones. On 1 January 2012, payphone performance standards and benchmarks made by the minister under the TCPSS Act came into effect for payphones provided by the PUSP for the first time, replacing previous less formal requirements for payphone provision and fault repair. The ACMA monitors Telstra's payphone performance and also receives information about the number of payphones supplied or operated on a commercial basis by other providers.

Numbers of payphones and payphone sites

During 2011–12, the total number of payphones (both Telstra-operated and privately operated) in Australia fell by just under seven per cent from 33,201 to 31,032. This comprised:

> a net decrease of 2.5 per cent in the number of Telstra-operated payphones, from 18,713 to 18,246

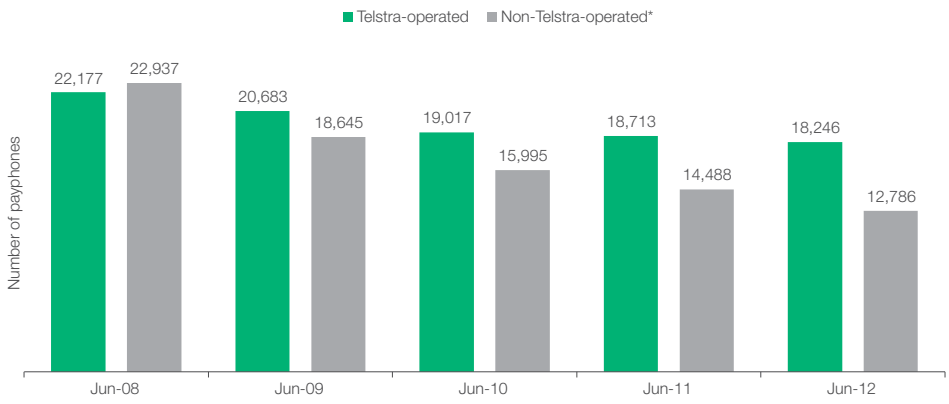
> a net decrease of 11.7 per cent in the number of privately operated payphones, from 14,488 to 12,786.

During the reporting period, there was a decrease of 1.4 per cent in the number of Telstra-operated payphone sites, from 15,205 to 14,991 (noting some sites have more than one payphone).

At 30 June 2012, 58.8 per cent of payphones were operated by Telstra. The remaining payphones were provided by other telecommunications companies, such as TriTel Australia Pty Ltd (the second-largest provider of payphones) or other businesses, such as hotels, clubs and convenience stores.

The overall reduction in the number of payphones since June 2008 is shown in Figure 3.1. For both Telstra-operated and non-Telstra-operated payphones, the numbers in operation have decreased each year, but with the annual rate of payphone removals generally declining over the past five reporting periods.

Figure 3.1 Number of payphones in operation



**Includes TriTel payphones and payphones provided via Telstra access lines.*
Source: Telstra and TriTel.

Table 3.2 provides the geographic distribution of Telstra payphones and payphones provided via Telstra access lines as at 30 June 2012.

Table 3.2 Distribution of Telstra payphones by geographical category, 30 June 2012

	Urban	Rural	Remote*	RIC
Telstra-operated payphones	12,536	4,790	920	569
Other payphones (provided via Telstra access lines)	9,237	2,310	425	255

*RIC=Remote Indigenous communities. *Including RIC.*
Note: Excludes TriTel payphones.
Source: Telstra.

Payphone fault repair performance

Timely repair of payphone faults is an important component of the equitable provision of payphone services under the USO. In 2011–12, informal performance criteria were in place with additional regulatory obligations for the last six months of the period. The informal performance criteria were based on Telstra's USO standard marketing plan (SMP), effectively a 'reasonable endeavours' commitment, and advice on government's expectations. The time frames for repair of a payphone depend on the location of the service—one full working day after being notified of the fault for urban locations, two days for rural locations and three days for remote locations.

From 1 January 2012, the regulatory obligations set maximum time periods to remediate faults and performance benchmarks for repairing unworkable payphones within the same time frames dependent on the location of the service—one working day for urban locations, two for rural and three for remote locations including remote Indigenous communities. The two sets of arrangements for USO payphone repair have clear similarities, but performance cannot be directly compared, as the methodologies for calculating performance differ. So, reporting performance for 2011–12 is more complex.

Table 3.3 shows Telstra's national performance in repairing payphone faults during 2011–12 under USO SMP 'reasonable endeavours' arrangements.

Table 3.3 Telstra payphone fault repair performance under USO SMP arrangements, 2011–12

	Urban	Rural	Remote*	RIC
Repairs within time frame (1, 2 or 3 days)	91.5%	87.3%	68.5%	64.3%
Repairs within five working days after the time frame	99.0%	97.3%	88.8%	86.7%

**Including RIC.*
Source: Telstra.

Table 3.4 shows Telstra's national performance in repairing faults between 1 January 2012 and 30 June 2012 under the new payphone fault repair performance benchmarks detailed in the Telecommunications Universal Service Obligation (Payphone Performance Benchmarks) Instrument (No. 1) 2011. Failure to meet a benchmark under this instrument may result in the ACMA taking compliance action, including the option to issue a formal infringement notice. The higher performance outcomes in Table 3.4, in comparison to those shown above, may reflect the exclusion of non-critical faults and delays beyond the control of Telstra from the assessments.

Table 3.4 Telstra payphone fault repair performance under formal performance benchmark arrangements, 1 January 2012 – 30 June 2012

	Urban	Rural	Remote*
Payphone fault repair benchmark (initial benchmark period)	90.0%	80.0%	70.0%
Repair performance	93.0%	90.9%	76.6%

**Including RIC.*
Source: Telstra.

In 2012–13, as the first full year of application of the performance benchmarks, and thereafter, reporting will focus on the regulated performance standards and benchmarks, noting some benchmarks change from those applicable in the first reporting period.

Installation of payphones

Under the USO, communities or members of the public can apply for installation of a Telstra-operated payphone in a public place. During 2011–12, there were 69 such applications, of which 36 (52 per cent) were accepted by Telstra.

Payphone removals

Table 3.5 shows the number of Telstra payphones removed from service and the number of proposed removals cancelled by Telstra during 2011–12. All removals, where the payphone is the last remaining payphone at the site, are only undertaken after public consultation.

Table 3.5 Telstra payphone removals and installations, 2011–12

	Urban	Rural	Remote*	Total
Telstra payphones removed	401	114	67	582
Telstra payphones installed	98	9	8	115
Cancellation of proposed payphones removal	9	3	0	12

**Including RIC.*
Note: The number of payphones removed does not equal the net reduction in payphones identified in Figure 3.1, which factors in new payphones installed.
Source: Telstra.

From 1 January 2012, the installation and removals of payphones by Telstra was also subject to three instruments made by the minister, setting out enhanced consultation and complaint processes for the location and removal of payphones:

> Telecommunications Universal Service Obligation (Location of Payphones) Determination 2011

> Telecommunications Universal Service Obligation (Public Consultation on the Location or Removal of Payphones) Determination 2011

> Telecommunications Universal Service Obligation (Payphone Complaint Rules) Determination 2011.

Payphones for people with disabilities

As at 30 June 2012, Telstra had 153 teletypewriter payphones in metropolitan and regional areas in operation, a decrease of 14 from the previous year.

Customer Service Guarantee Standard

The CSG Standard sets minimum service standards for CSPs in installing and repairing standard telephone services and meeting appointments for residential and small business customers. A CSP is exempt from complying with a performance standard for a service if the CSP supplies a customer with more than five services at a time. If a CSP fails to meet the minimum performance standards, compensation may be payable to the customer.

On 1 October 2011, formal CSG performance benchmarks commenced as specified under the Telecommunications (Customer Service Guarantee - Retail Performance Benchmarks) Instrument (No. 1) 2011. These formal benchmarks require qualifying CSPs to meet specified performance levels for connections, fault repairs and appointment-keeping. If a CSP fails to meet a formal CSG performance benchmark, the ACMA may take compliance action, including issuing the CSP with an infringement notice in certain circumstances.

In June 2012, the minister made subsequent changes to the CSG performance benchmarks regime, effective 1 July 2012, to facilitate more meaningful and comparable CSG performance data. For this reason, an assessment of compliance against the performance benchmarks regime for the period from 1 October 2011 to 30 June 2012 has not been included in this report.

CSG performance reporting is across the full reporting period of 2011–12 and is consistent with the approach applied in previous reports, examining the percentage of cases where a CSP met the CSG time frame for a connection or fault repair. It is not considered indicative of performance against the new CSG performance benchmarks, because the methodologies in the assessments differ. Performance against the new CSG performance benchmarks will be included in reporting for 2012–13 and beyond.

At June 2012, there were 7.12 million services subject to the CSG Standard, compared to 7.29 million at June 2011—a decline of 2.3 per cent (Table 3.6). This decline may be contributed to by the growth in the number of consumers without a fixed-line telephone service in the home and consumers using voice services provided by VoIP (see Chapter 1). Services subject to the CSG Standard accounted for approximately 66 per cent of all fixed-line telephone services in Australia at June 2012.

In 2011–12, there were 228,243 occasions nationally where customers of the major CSPs waived their rights under the CSG Standard. This compared to 66,017 waivers reported to the ACMA for 2010–11. The majority of waivers were accounted for by iiNet.

Table 3.6 Services subject to the CSG Standard, at 30 June

	2008 ('000)	2009 ('000)	2010 ('000)	2011 ('000)	2012 ('000)
iiNet	n/a	n/a	n/a	370*	493
Optus	1,035	915	949	930	913
Primus	184	n/p	127	115	103
Telstra	6,383	6,281	6,038	5,828	5,608
Total	**7,969**	**7,488**	**7,356**	**7,286**	**7,117**

n/a=not applicable. n/p=not provided.
**iiNet acquired AAPT's Consumer Division on 1 October 2010.*
Source: CSP data.

Table 3.7 sets out the CSG Standard time frames within which service providers must connect telephone services and complete fault repairs. The CSG Standard time frames vary according to the location of the customer and, in the case of connections, whether infrastructure is readily available and whether there is an existing in-place connection.

Table 3.7 CSG Standard time frames (working days)

Community	In-place connection	New service connection		Fault repair
		Close to infrastructure	Not close to infrastructure	
Urban	2	5	20	1
Major rural	2	10	20	2
Minor rural	2	15	20	2
Remote	2	15	20	3

Note: 'Urban' is defined as communities with 10,000 or more people, 'major rural' is defined as communities with between 2,500 and 10,000 people, 'minor rural' is defined as communities with between 200 and 2,500 people, 'remote' is defined as communities with up to 200 people.
Source: CSG Standard.

Connections

In 2011–12, the performance of the major CSPs in meeting CSG Standard time frames for new service connections nationally was 88.9 per cent (Telstra), 98.0 per cent (Optus), 98.5 per cent (iiNet) and 99.0 per cent (Primus).

Table 3.8 shows CSP performance in 2011–12 in meeting CSG Standard time frames for new service connections and for in-place service connections.

A 'new service connection' is the connection of a standard telephone service to premises where there is the need for additional work to be completed (for example, cabling) before a service can be connected. This excludes in-place service connections where there has been a previous working CSG service that is available for reconnection or reactivation by the CSP.

Table 3.8 Percentage and number of new service and in-place connections provided within CSG Standard time frames, 2011–12

	iiNet		Optus		Primus		Telstra	
	%	No.	%	No.	%	No.	%	No.
New service connections								
Urban areas	98.6%	46,965	n/a	n/a	99.1%	2,709	88.6%	291,089
Major rural areas	95.5%	510	n/a	n/a	95.3%	127	91.7%	26,391
Minor rural areas	98.4%	244	n/a	n/a	100%	127	90.2%	24,408
Remote areas	97.2%	774	n/a	n/a	100%	1	91.2%	862
All areas	98.5%	48,493	98%	181,724	99.0%	2,964	88.9%	342,750
In-place service connections								
All areas	99.5%	87,766	n/a	n/a	99.7%	8,279	92%	440,750

n/a=not applicable.
Source: CSP data.

Appointments

During 2011–12, Telstra made 450,972 CSG Standard-related appointments and did not meet 1.9 per cent (or 8,568) within the CSG Standard appointment-keeping time frames. During the same period, Optus did not meet five per cent of appointments, while iiNet and Primus were unable to provide appointment-keeping data (on the basis that they are resellers of services and due to changes to record-keeping and reporting requirements introduced in the reporting period). The ACMA has worked with iiNet and Primus to ensure this data will be provided in 2012–13.

Table 3.9 Percentage and number of faults repaired within CSG Standard time frames and appointment-keeping performance, 2011–12

	iiNet		Optus		Primus		Telstra	
	%	No.	%	No.	%	No.	%	No.
Fault repairs								
Urban areas	88.8%	64,171	92.3%	175,895	97.0%	19,799	90.5%	744,086
Rural areas	90.6%	11,317	86.0%	442	96.3%	3,161	93.7%	260,668
Remote areas	91.6%	3,071	66.7%	12	100.0%	7	92.7%	4,078
All areas	89.2%	78,559	92.3%	176,349	96.9%	22,967	91.4%	1,008,832
Appointments (new service connections and fault repair)	n/p	n/p	95.0%	66,816	n/p	n/p	98.1%	450,972

n/p=not provided.
Source: CSP data.

Fault repairs

In 2011–12, the performance of the major CSPs in meeting CSG Standard time frames for fault repairs nationally was 91.4 per cent (Telstra), 92.3 per cent (Optus), 89.2 per cent (iiNet) and 96.9 per cent (Primus).

CSG Standard payments

As a result of failing to meet CSG Standard time frames during 2011–12, CSPs made the following compensation payments to customers:

> iiNet—6,725 payments totalling $0.52 million

> Optus—20,701 payments totalling $0.62 million

> Primus—826 payments totalling $0.06 million

> Telstra—137,348 payments totalling $4.57 million.

Payments total $5.77 million for 2011–12, compared to a total of $7.09 million made during 2010–11.

Exemptions from the CSG Standard

A CSP is exempt from complying with a performance standard in certain situations that are specified in Part 3 of the CSG Standard. For example, a CSP is exempt from compliance with the CSG Standard for the period when circumstances that are beyond its control affect its ability to comply with the CSG Standard. A CSP is also exempt if there is a need to move staff or equipment to an area affected by circumstances beyond its control. Many exemptions are a result of extreme weather events or natural disasters.

CSPs must notify affected customers of an exemption. The CSP can choose to notify customers either individually or publicly (via a public notice published in a newspaper circulating in the affected area). If a CSP is exempt as a result of extreme weather conditions, the notice must identify evidence that the extreme weather conditions outlined in the notice meet the definitions set out in the CSG Standard. The numbers of exemptions for the major CSPs for 2011–12 are shown in Table 3.10.

Table 3.10 Numbers of CSG exemptions for the major CSPs, 2011–12

Reason for exemption	Eftel group	iiNet group	Optus	Primus	Telstra	TransACT
Extreme weather conditions	5	46	55	4	55	3
Natural disasters	0	2	4	0	4	0
Total	**5**	**48**	**59**	**4**	**59**	**3**

Note: iiNet group excludes TransAct.
Source: CSP data.

Network Reliability Framework

The ACMA monitors the reliability of Telstra's fixed-line telephone service network under the NRF. It is a condition of Telstra's carrier licence that it comply with the NRF. As a carrier licence condition, the NRF applies only to services Telstra provides to its CSG Standard-eligible customers—residential and small-business fixed-line customers with fewer than five telephone services. Telstra is required to report to the ACMA on the performance of its network and to fix poorly performing cable runs and individual services.

The NRF requires monitoring and/or remedying network reliability performance at three levels:

> 1—National and geographical area level, based on Telstra's 44 field service areas (FSAs)

> 2—Local level, cable runs in disaggregated parts of the network

> 3—Individual service level, which includes all Telstra services covered by the CSG Standard.

Level 1 is designed to inform the public about overall network reliability performance. Under levels 2 and 3, Telstra is required to remediate poorly performing parts of its network as a priority.

Level 1—national and field service area performance

Level 1 of the NRF requires Telstra to publish monthly data showing the reliability of services nationally and in 44 FSAs across Australia. It is designed to inform the public about the reliability of services generally. Telstra's national Level 1 performance data is presented in Figure 3.2. The reliability measures under this level are:

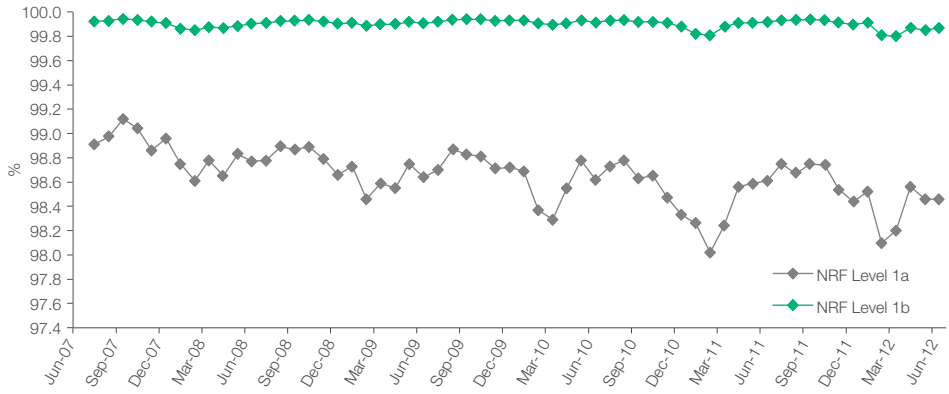
> Level 1(a)—the percentage of CSG Standard services that did not experience a fault during the month reported

> Level 1(b)—the percentage of time in a month that CSG Standard services, on average, are available.

The ACMA also uses data provided under Level 1 of the NRF to calculate:

> Level 1(c)—the average time (in hours) for fault-affected CSG Standard services to be repaired for the month (Figure 3.3).

Figure 3.2 Telstra's Level 1(a) and (b) performance, based on monthly reports



Source: The ACMA, Telstra.

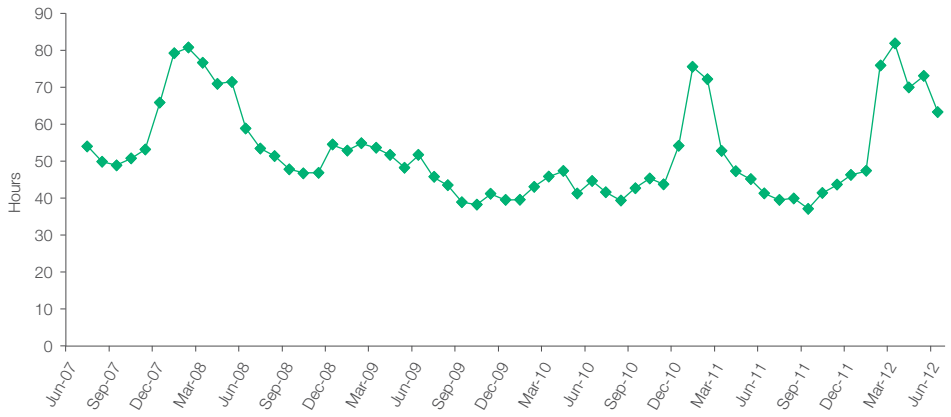
During 2011–12, Telstra experienced a similar level of fault activity to previous years. This included an increase in fault activity during the summer months that can be partly attributed to extreme weather events occurring across various parts of Australia in these months. While the percentage of fault-free services remained above 98 per cent for each month during 2011–12, it should be noted that small changes in this figure represent relatively large changes in the number of faults occurring on the network.

Under Level 1(a), FSAs in urban areas experienced a slightly lower percentage of faults than those in non-urban areas. On average, 1.45 per cent of services experienced a fault in any given month in urban areas, while this figure was 1.54 per cent in non-urban areas.

Level 1(b) measures the percentage of time in a month that services (on average) are available; that is, not awaiting repair. The performance is calculated based on the total amount of time associated with fault repairs and then averaged across all services, whether or not they had a fault in the relevant month. In 2011–12, services were available, on a monthly average, 99.89 per cent of the time (nationally), compared to 2010–11 when services were available, on a monthly average, 99.90 per cent of the time (nationally).

Level 1(c) measures the average number of hours Telstra took to restore fault-affected services in the month. While Level 1(b) takes into account all services, Level 1(c) only considers services that experienced a fault.

Figure 3.3 Level 1(c)—average time for Telstra to restore fault-affected services



Source: The ACMA, Telstra.

Performance for Level 1(c) indicates that the average time taken to restore fault-affected services increased during 2011–12 compared with previous years. In terms of elapsed time, it took an average of 56 hours to restore services that had a fault in 2011–12 compared to an average of 51 hours in 2010–11. As in previous years, CSG Standard services affected by faults in urban areas usually experienced lower average downtime hours compared to non-urban areas. In terms of elapsed time, it took an average of 52 hours to restore fault-affected services in urban areas and 63 hours in non-urban areas.

Performance across Level 1 has remained relatively stable since July 2007, with the exception of three notable spikes relating to significant severe weather events and natural disasters that affected eastern Australia at these times.

Level 2—local cable run remediations

Level 2 of the NRF requires Telstra to report on and undertake remediation work on the 40 poorest performing cable runs (a set of 10 or 100 copper wire pairs within a physical cable sheath) each month.

During 2011–12, Telstra completed remediation and monitoring of 465 cable runs, some of which were identified for remediation in previous reporting periods. For the year, Telstra identified the required 480 cable runs to be remediated. Telstra also remediated an additional 121 cable runs associated with the reported cable runs, significantly fewer than in 2010–11 when it remediated an additional 306 cable runs. Telstra estimated that remediation work undertaken as part of Level 2 of the NRF in 2011–12 improved the reliability of 26,505 services.

Level 3—individual service performance

Telstra is required to take action to prevent an individual CSG Standard-eligible service from experiencing more than either:

> three faults in a rolling 60-day period—NRF Level 3(a)

> four faults in a rolling 365-day period—NRF Level 3(b).

Telstra is required to report to the ACMA any services that breach these thresholds, investigate the performance of the service and undertake necessary remediation.

Figure 3.4 shows that the number of services experiencing four or more faults in a rolling 60-day period or five or more faults in a rolling 365-day period varies significantly from month to month.

Figure 3.4 Level 3(a) and 3(b)—Telstra CSG Standard services with four or more faults in a rolling 60-day period and with five or more faults in a rolling 365-day period

Source: Telstra.

Telstra has reported a reduction in the number of services experiencing breaches of the 60-day threshold, reporting 37 breaches per month (on average) in 2011–12 and a total of 446 for the year. In 2010–11, Telstra reported an average of 51 breaches per month and a total of 614 for the year.

Telstra also reported a slight decrease in the number of services experiencing breaches of the 365-day threshold, with 197 breaches per month (on average) and a total of 2,365 for 2011–12. This compares to 2010–11 where Telstra reported 200 breaches per month (on average) and a total of 2,402 for the year.

Telstra is required to remediate any service that breaches the fault thresholds and then monitor that service for an eight-month period. If a service experiences another fault during the monitoring period (known as a monitoring period fault), Telstra must report this to the ACMA together with an assessment as to whether the fault is related or unrelated to the original fault(s) that caused the contravention. In 2011–12, Telstra reported 811 monitoring period faults (across 685 individual services) and assessed 17 faults as related to the original contravention. In 2010–11, Telstra reported 748 monitoring period faults (across 634 individual services) and assessed 12 faults as related to the original contravention.

Each service reported under Level 3 is required to undergo remediation. Telstra is required to report to the ACMA on the expected date for completion of the remediation and to report on a quarterly basis any services where remediation has not been completed within the expected time frames. In 2011–12, Telstra reported 439 delays to remediation (that is, where remediation was not completed within the expected time frames), with an average reported delay to remediation of 129 days. Some services were reported as experiencing more than one delay.

Priority assistance

Priority assistance is the priority telephone connection and repair service for people with a diagnosed life-threatening medical condition who are at risk of suffering a rapid and life-threatening deterioration in their condition. Telstra must offer the service as a requirement of its carrier licence conditions, while in 2011–12 two CSPs—iiNet and Primus—voluntarily offered priority assistance services in line with industry code ACIF C609:2007 *Priority Assistance for Life Threatening Medical Conditions*. However, iiNet informed the ACMA in March 2012 that it would cease offering this service as it completed migrating AAPT customers (acquired in October 2010) to its own network. The number of priority assistance customers is presented in Table 3.11.

Table 3.11 Number of priority assistance customers, at 30 June

	2008	2009	2010	2011	2012
Telstra	163,292	195,173	210,462	188,974	221,350
iiNet	n/a	n/a	n/a	2,417*	7†
Primus	1,690	1,515	579	819	209
Total	**164,982**	**196,688**	**211,041**	**192,210**	**221,566**

n/a=not applicable.
**iiNet acquired AAPT's Consumer Division on 1 October 2010.*
†iiNet notified the ACMA in March 2012 that it would cease offering a priority assistance service.
Source: Telstra, iiNet, Primus.

Priority assistance customers are given faster connections and fault repairs of their fixed-line telephone service. A service must be connected or a fault repaired within 24 hours in urban and rural areas or 48 hours in remote areas. Table 3.12 provides information about the performance of Telstra, iiNet and Primus in meeting priority assistance time frames for connections and fault repairs.

Table 3.12 Priority assistance—percentage of connection and fault restoration requests completed on time, by financial year

	Connection requests					Fault restoration requests				
	2007–08	2008–09	2009–10	2010–11*	2011–12†	2007–08	2008–09	2009–10	2010–11*	2011–12†
Telstra										
National	91%	88%	92%	93%	92%	90%	93%	92%	93%	95%
Urban	91%	88%	92%	94%	92%	91%	94%	93%	94%	96%
Rural	90%	88%	92%	93%	92%	87%	90%	89%	90%	92%
Remote	85%	85%	90%	89%	84%	83%	86%	84%	87%	94%
iiNet										
National	n/a	n/a	n/a	89%	100%	n/a	n/a	n/a	87%	95%
Urban	n/a	n/a	n/a	85%	n/a	n/a	n/a	n/a	88%	93%
Rural	n/a	n/a	n/a	100%	100%	n/a	n/a	n/a	83%	100%
Remote	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Primus										
National	n/p	n/p	100%	100%	100%	n/p	n/p	100%	100%	93%
Urban	n/p	n/p	100%	100%	100%	n/p	n/p	100%	100%	93%
Rural	n/p	n/p	100%	100%	100%	n/p	n/p	100%	n/a	92%
Remote	n/p	n/p	100%	100%	100%	n/p	n/p	n/a	100%	n/a

n/a=not applicable. n/p=not provided.
**iiNet acquired AAPT's Consumer Division on 1 October 2010, and so iiNet data is for only three-quarters of 2010–11.*
†iiNet has informed the ACMA that it is no longer providing new priority assistance connections.
Note: 'Urban' is defined as communities with 10,000 or more people, 'rural' is defined as communities with between 200 and 10,000 people, 'remote' is defined as communities with up to 200 people.
Source: CSP data.

Telstra's local presence plan

As part of its licence conditions—Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997—Telstra is required to maintain a local presence in regional, rural and remote Australia, to the extent that this is broadly compatible with its overall commercial interest. The local presence plan must set out the range of activities and strategies that Telstra will deploy to fulfil its obligation.

On 26 June 2012, the ACMA received notification from the minister that Telstra's 2012–15 local presence plan (also known as Telstra's Regional and Rural Presence Plan 2012–15) had been approved. The 2012–15 local presence plan replaces the 2009–12 plan and is effective until June 2015.

Under its licence conditions, Telstra must report annually on the progress of its local presence plan. On 29 August 2012, Telstra submitted a report setting out how it met the requirements of this carrier licence condition in 2011–12.

National Relay Service

The NRS is an Australian Government initiative that gives people who are deaf or have a hearing and/or speech impairment access to a standard telephone service on comparable terms and circumstances to the access other citizens have to a standard telephone service. The NRS legislative obligations are outlined in Part 3 of the TCPSS Act.

The NRS offers a range of call services at no additional charge and NRS users can make calls 24 hours a day, seven days a week to anyone in the wider telephone network. Calls can be made via a teletypewriter, a computer connected to the internet or an internet-enabled mobile phone. There are typically four ways of using the NRS:

> Type and Read—for people who cannot hear clearly and do not use their own voice

> Speak and Read—for people who cannot hear clearly but use their own voice

> Type and Listen—for people who cannot use their own voice

> Speak and Listen—for people who have a speaking impairment and are difficult to understand on the phone.

Use of the NRS

The Australian Government has contracted two service providers to deliver the NRS—the Australian Communication Exchange Limited (ACE), which provides the relay service (call centre) component, and WestWood Spice (WWS), which provides the outreach service component. The outreach service promotes awareness of the NRS, and provides information, support and training to current and potential users.

Use of the NRS is measured by the number of call minutes relayed each year. Total call minutes relayed in 2011–12 decreased 7.4 per cent to a total of 2,966,912 compared to 3,204,383 in 2010–11 (Table 3.13).

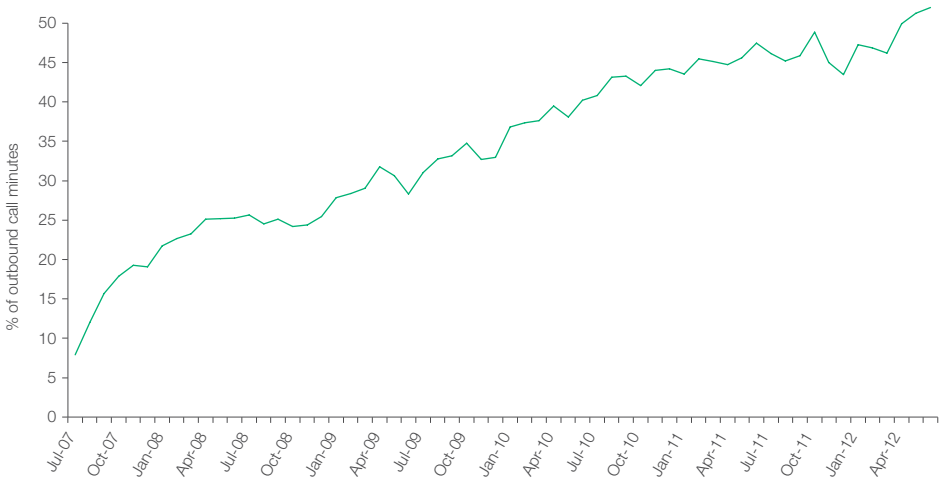
Table 3.13 NRS call minutes

	2007–08	2008–09	2009–10	2010–11	2011–12
Number of call minutes	3,334,112	3,246,700	3,160,003	3,204,383	2,966,912

Source: ACE.

Internet relay call minutes accounted for nearly 52 per cent of total call minutes relayed during 2011–12, compared with 44 per cent during 2010–11 and 36 per cent during 2009–10.[1] Figure 3.5 demonstrates the long-term trend of increasing use of internet relay.

Figure 3.5 Percentage of all call minutes made via internet relay



Source: ACE.

NRS levy

The NRS is funded by a quarterly levy on eligible telecommunications carriers, which in 2011–12 the ACMA collected on behalf of the Australian Government. The NRS Levy does not apply after 2011–12, with NRS costs included in the newly established Telecommunications Industry Levy to apply from 1 July 2012.

In 2011–12, the cost of providing the NRS was $17.5 million (including GST), a decrease of 3.8 per cent on 2010–11. The decrease reflects the 7.4 per cent drop in call minutes made over 2011–12.

Disability equipment program

The Telecommunications (Equipment for the Disabled) Regulations 1998 specifies the kinds of equipment that people with a disability can use to access telecommunications services. The provision of the equipment listed in the regulations is an obligation on Telstra, as the USP.

Telstra outlines the services it will provide to eligible customers with a disability under its USO SMP and it supplies equipment through its disability equipment program. Optus also has a disability equipment program for customers who directly access the Optus telephone network.

Telstra fulfilled 8,038 requests under the disability equipment program in 2011–12, compared to 9,652 in 2010–11.

Number portability

Number portability allows customers to retain their existing telephone numbers when they change service provider. It is available for:

> local numbers (numbers beginning with the area codes 02, 03, 07 and 08)

> freephone (numbers beginning with 1800) and local rate numbers (numbers beginning with 13 or 1300)

> mobile numbers.

(Note: Local and mobile portability figures for 2010–11 have been revised due to Optus providing amended data).

Local number portability

During 2011–12, 627,160 local numbers were ported. This represents an 11 per cent decrease from the 702,369 numbers ported in 2010–11 and continues the general decline in local number porting from the peak of 2007–08, when more than 901,000 local number ports occurred.

The local number portability code sets out the obligations for carriers to follow when porting numbers and includes performance standards. The Local Number Portability code is currently being reviewed by Communications Alliance Ltd (CA).

Freephone and local rate number portability

Industry Number Management Services Ltd (INMS) is an industry-owned not-for-profit company that allocates 13/1300/1800 numbers on behalf of the ACMA. The INMS also facilitates the portability of these numbers on behalf of the industry. There were 12,814 FLRNs ported during 2011–12, a 32 per cent decrease on the 18,830 FLRNs ported during 2010–11.

Mobile number portability

During 2011–12 there were 2,627,350 ports, an increase of 39 per cent on 2010–11 level of 1,896,016. Mobile number portability is regulated by the provisions of the Mobile Number Portability Code (MNP Code) developed by CA.

Table 3.14 Number portability

Numbers ported	2007–08	2008–09	2009–10	2010–11	2011–12
Local	901,007	832,218	615,860	702,369	627,160
Freephone and local rate `	10,157	10,792	11,529	18,830	12,814
Mobile	1,427,672	1,346,689	1,660,873	1,896,016	2,627,350

Note: Mobile and local figures for 2010–11 revised due to Optus providing amended data.
Source: INMS.

Pre-selection and call override

Pre-selection and call override are features provided on a standard telephone service that allow a consumer to nominate a preferred provider to supply specific call types, either on an ongoing basis or for an individual call.

There were a total of 14 active pre-selection agreements between carriers during 2011–12, and a total of 19 active override dial codes allocated to carriers during the same period.

Cabling regulation

Registered cablers

All individual cablers who perform customer cabling work connected to the telecommunications network or intended for use on the customer side of the network boundary must either be registered with an ACMA-accredited registrar as a cabling provider or supervised by a person who is registered.

Table 3.15 shows that the total number of registered customer cablers in the industry has increased marginally each year since 30 June 2007.

Table 3.15 Total number of licensed/registered cablers

	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12
Number of cablers	59,743	61,904	64,587	65,696	67,637

Source: The ACMA.

In 2011–12, there were five ACMA-accredited registrars providing registration and other associated services to cablers. Registrars offered three types of cabler registration in accordance with the Telecommunications Cabling Provider Rules 2000 (the Cabling Provider Rules):

> open—covering all types of residential and commercial cabling work

> restricted—covering a restricted range of cabling work typically conducted in residential and small business settings

> lift—covering telecommunications cabling for lift installations.

Before being granted registration, cablers must meet the ACMA's competency requirements that address health, safety and network integrity issues.

Enforcing cabling compliance

The ACMA is responsible for investigating complaints about non-compliant cabling work or work performed by unregistered cablers. Where appropriate, the ACMA conducts investigations arising from these complaints.

During 2011–12, the ACMA received a total of 36 cabling-related complaints. Of the complaints received, 27 related to allegations of contraventions of the Cabling Provider Rules and nine concerned enquiries into alleged unregistered cablers. In the same period, the ACMA conducted six cabling inspections.

The ACMA issued one warning notice under the Act. There were no telecommunications infringement notices issued in this reporting year.

Do Not Call Register (DNCR)

The DNCR is a secure database that allows people to list their numbers to avoid receiving unsolicited telemarketing calls and marketing faxes. A number is eligible to be registered if it is:

> used or maintained primarily for private or domestic purposes

> used for transmitting and/or receiving faxes

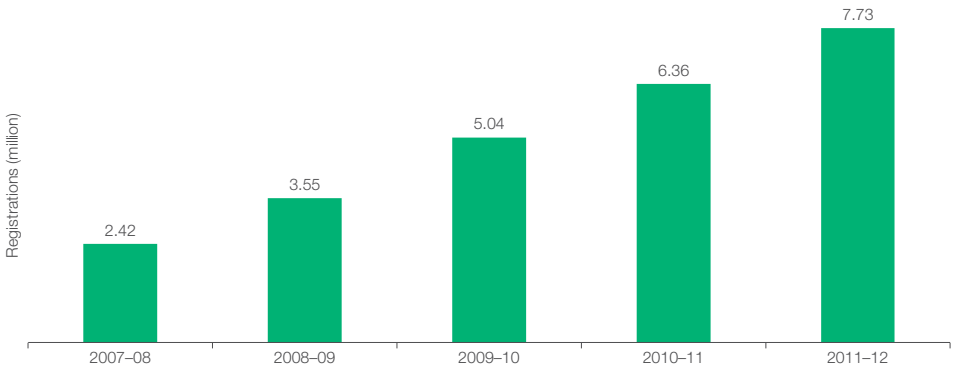
> used exclusively by a government body

> an emergency service number.

On 20 March 2012, the minister extended the period for which numbers are registered from five to six years.

Figure 3.6 shows the total number of registrations since the DNCR commenced in May 2007.

Figure 3.6 DNCR registrations



Source: Register operator (Service Stream Solutions Pty Ltd) reports to the ACMA.

To avoid breaching the DNCR Act, telemarketers and fax marketers are able to submit their contact lists to the DNCR operator for checking, or 'washing', against the DNCR. During 2011–12, 1,351 telemarketers and fax marketers washed against the DNCR and submitted 1.19 billion numbers for checking against the DNCR (Table 3.16).

Table 3.16 Numbers submitted for checking against the DNCR, by financial year

	2007–08	2008–09	2009–10	2010–11	2011–12
Numbers submitted for checking	1.05 b	0.98 b	1.08 b	1.12 b	1.19 b

b=billion.
Source: Register operator (Service Stream Solutions Pty Ltd) reports to the ACMA.

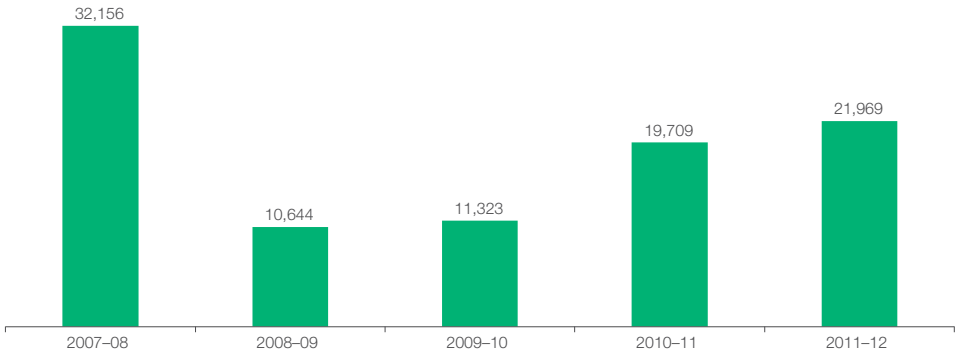
Compliance and enforcement

The ACMA is responsible for enforcing the DNCR Act and two related industry standards—the Telecommunications Telemarketing and Research Industry Standard 2007 and the Fax Marketing Industry Standard 2011.

Complaints

In 2011–12, the ACMA received a total of 21,969 complaints from consumers, of which 19,000 raised potential breaches of the DNCR Act and the related industry standards (Figure 3.7). This is the highest number of complaints received since the commencement of the DNCR, other than in its first year of operation.

Figure 3.7 Complaints received



Source: Complaints to the Do Not Call Register.

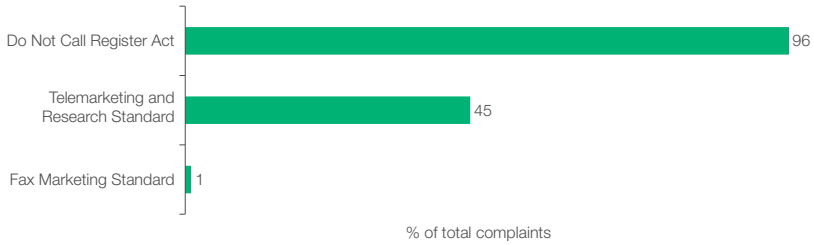
In 2011–12, the ACMA received a large number of complaints (nearly 9,000) about telemarketing calls that promote online technical support services. These made up 44 per cent of the total complaints received and were predominately 'PC Virus scam' calls. In addition to its own consumer education campaigns, the ACMA worked with other regulators both domestically (ACCC) and internationally (US Federal Trade Commission and the Canadian Radio-television Commission) to share information and take action to address these scam calls.

The ACMA seeks information about telemarketing calls that are the subject of complaints to identify their origin. Information may be sought from CSPs, VoIP providers, operators of internet-PSTN gateways and other international regulators to assess whether a telemarketer is contravening the DNCR Act. The ACMA has observed that use of VoIP technologies to make telemarketing calls is becoming more prevalent and continues to increase. Calls made by VoIP can be carried by a number of providers and enter the Australian telephone network via an internet-PSTN gateway before connecting to an Australian telephone number.

Complaint classifications

Figure 3.8 shows the classification of the complaints the ACMA received during 2011–12 in terms of potential breaches of the DNCR Act, Telemarketing and Research Standard and Fax Marketing Standard.

Figure 3.8 Classification of the complaints received by the ACMA, 2011–12

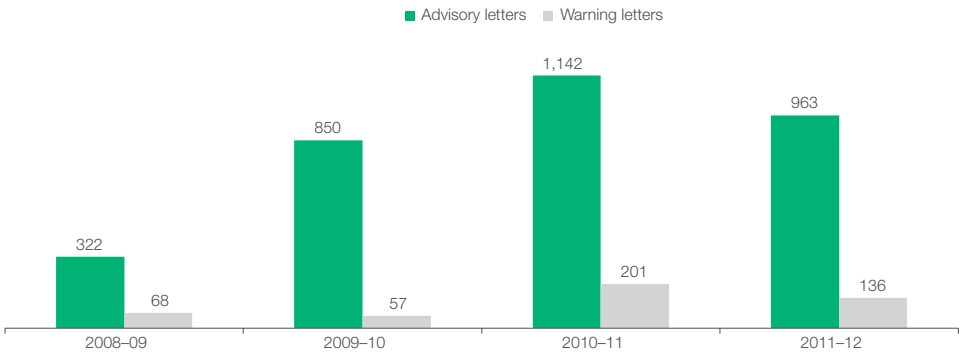


Note: Complaints may potentially breach both the DNCR Act and one of the standards so figures will not add up to 100 per cent.
Source: Complaints to the Do Not Call Register.

Advisory and warning letters (informal phase)

Advisory and warning letters are an informal approach to compliance problems and, in most cases, lead to recipients rectifying their poor compliance without further intervention by the ACMA.

Figure 3.9 Advisory and warning letters sent by the ACMA



Source: Complaints to the Do Not Call Register.

Investigation and enforcement (formal phase)

In 2011–12, the ACMA finalised 18 investigations into alleged breaches of the DNCR Act. These investigations related to businesses that had systemic ongoing compliance issues and had continued to be the subject of consumer complaints, despite receiving an advisory or warning letter from the ACMA. Some of the issues identified in these investigations were inadequate oversight of outsourced call centres and failure to maintain appropriate systems and procedures to record requests from recipients of calls to opt-out of further marketing.

Enforcement actions arising from these investigations included four enforceable undertakings, four infringement notices and four formal warnings relating to 62 contraventions of the Do Not Call regulatory regime.

Australian Internet Security Initiative and related activities

The AISI, developed and managed by the ACMA, is a key tool to help address the cybersecurity threat posed by 'botnets'—networks of computing devices that have become compromised through the surreptitious installation of malicious software (malware). This malware enables these devices to be controlled remotely for illegal and harmful activities, including disseminating spam, hosting of 'phishing' sites and distributing denial of service attacks on internet infrastructure.

Under the AISI program, the ACMA provides information to AISI members—Australian ISPs and universities—about 'infected' computing devices residing on their networks. AISI members are then expected to contact their customers, inform them that their computing devices are infected and provide information to help restore these devices to safe operation.

At 30 June 2012, there were 127 members participating in the AISI, compared to 107 at June 2011. The network coverage of the AISI is extensive, encompassing approximately 98 per cent of allocated Australian IP address ranges. The average number of automated reports provided to ISPs per day in 2011–12 was 16,517, compared to 16,464 in 2010–11.

During the year the ACMA introduced an automated system for reporting suspected 'phishing' URLs extracted from phishing emails received by the ACMA. Phishing emails direct internet users to fraudulent websites that represent themselves as belonging to legitimate businesses, such as banks. Their main function is to obtain financial and personal information from unsuspecting internet users for criminal purposes.

Recipients of the ACMA's reports include all the major Australian banks, the Australian Tax Office, Facebook, Telstra and some other organisations subjected to phishing attacks. Approximately 12,600 reports of suspected phishing URLs were provided to these organisations in 2011–12. To assist the early shutdown of these malicious websites, the reports are provided a few minutes after the spam is reported to the ACMA.

Spam monitoring and compliance

Complaints, reports and enquiries

2011–12 saw the first full year of operation of the ACMA's streamlined spam reporting system. This updated approach allows email and SMS to be reported in the form they were received. Complaints and enquiries can be made via telephone, and complaints can also be made via an online web form.

Table 3.17 Number of complaints, reports and enquiries received by the ACMA in 2011–12

Contacts	Enquiries	Complaints	Reports	Total
Relating to email	n/a	1,409	216,999	218,408
Relating to SMS	n/a	305	7,106	7,411
Other	997	n/a	n/a	997
Total contacts				**226,816**

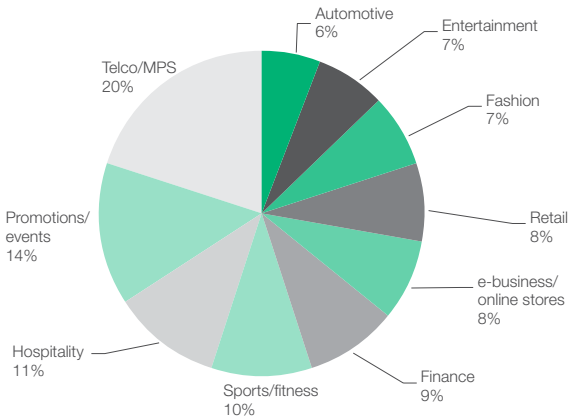
n/a=not applicable.
Note: Enquiries are not classified on the basis of emails and SMS. 'Other' represents the total number of enquiries for 2011–12.
Source: Spam complaints and reports to the ACMA.

As public awareness of the ACMA's role in administering the *Spam Act 2003* (the Spam Act) grows, there has been a month-on-month increase in the number of reports made about emails. As can be seen in Table 3.17, email reports comprise the majority of contacts made by the general public. While these reports have led to a large increase in the number of legitimate businesses identified and contacted informally, over 90 per cent of email reports received relate to scams or similar activities. As scam emails and SMS messages do not originate from legitimate businesses, the total number of contacts identified above should not be seen as indicative of the level of compliance with the Spam Act by businesses engaged in e-marketing.

Industry sectors

This year, out of all of the complaints and reports that could be categorised by industry sector, those that were the subject of the highest numbers of complaints and reports were telecommunications (which includes mobile premium services; for example, messages advertising ring tones), promotions and events (for example, messages promoting concert events), hospitality (for example, advertising hotels and bars), sports and fitness (for example, promoting gymnasiums), finance (for example, offering loan services) and e-business and online stores (for example, offering daily specials). These six sectors make up almost 44 per cent of contacts. The top 10 sectors make up more than 60 per cent of the total number of public complaints and enquiries received.

Figure 3.10 Top 10 spam contacts by industry, 2011–12



Source: Spam complaints and reports to the ACMA.

Compliance activity

During 2011–12, the ACMA sent:

> 4,206 informal warnings (an increase of 106 per cent from 2010–11), advising businesses that are the subject of complaints or reports of their obligations under the Spam Act and directing them to the 'Successful e-marketing … it's about reputation' information on the ACMA website

> 31 preliminary enquiries (an increase of six from 2010–11)—escalations from informal warnings where information is requested from businesses in relation to their compliance with the Spam Act.

The strong increase in the number of informal warnings and preliminary enquiries sent in 2011–12 is predominantly a result of the increased number of contacts that the ACMA received this year.

Informal warnings represent a low-key approach to compliance problems and, in most cases, lead to recipients immediately rectifying their poor compliance without further intervention by the ACMA. Of the 3,020 businesses sent an informal warning in 2011–12, the ACMA did not receive any further complaints or reports about 64 per cent. These figures suggest that the many businesses that rely on e-marketing want to comply and will quickly amend their practices to comply with their regulatory obligations. However, as more businesses are contacted, the overall number of businesses that do not make timely amendments to their practices also increases. This has led to the increased number of preliminary enquiry letters sent during 2011–12.

The ACMA also completed 12 investigations relating to alleged contraventions of the Spam Act. An unusually high number of these investigations related to the failure of businesses to include sender identification, sender contact details or an unsubscribe facility in their commercial electronic messages. Businesses sending messages without the consent of the recipients remained an issue in 2011–12.

Telecommunications codes—development and review

Under Part 6 of the Act, the ACMA may register codes developed by industry bodies. At 30 June 2012, 22 codes were registered, comprising:

> 19 codes developed by CA

> the Cabling Requirements for Business Code, developed by the Cabling Industry Committee

> the Australian eMarketing Code of Practice, developed by the Australian Direct Marketing Association

> the Internet Industry Spam Code of Practice, developed by the Internet Industry Association with the Western Australian and South Australian internet associations.

CA revised the following industry codes in 2011–12:

> C536:2011 *Emergency Call Services Requirements*—registered 3 November 2011

> C637:2011 *Mobile Premium Services*—registered 29 February 2012 (effective 1 June 2012)

> C559:2012 *Unconditioned Local Loop Service Network Deployment Rules*—registered 16 May 2012.

Industry compliance with telecommunications codes

Vodafone investigation

Due to an increase in complaint issues raised by Vodafone customers in the December 2010 quarter, the ACMA commenced an investigation into Vodafone Hutchison Australia Pty Ltd (VHA) and associated companies, trading as Vodafone, in February 2011.

In December 2011, the ACMA found that Vodafone Pty Ltd and Vodafone Network Pty Ltd had breached the following provisions of the Telecommunications Consumer Protections (TCP) Code:

> clause 3.2.1 as they failed to provide timely customer information about network performance issues in late 2010

> clause 4.2.4(a)(iii) as they did not, between September 2010 and January 2011, adequately advise new customers of known limitations in network coverage

> clause 6.8.1, which requires a supplier to protect the privacy of each customer's billing and related personal information, as the companies were found to have poor systems in place for protecting the privacy of customers' personal details prior to January 2011

> clauses 9.1.1(e) and 9.1.8 as they failed to classify and analyse complaints as required by the TCP Code.

The ACMA issued a direction to the companies under section 121 of the Act requiring them to comply with the TCP Code.[2]

Telstra privacy investigation

On 9 December 2011, Telstra advised the ACMA that the personal information of some Telstra customers had been made publicly available on the internet. Clause 6.8.1 of the TCP Code requires that the supplier must protect the privacy of each customer's billing and related personal information.

Following an investigation that began in January 2012, the ACMA found that Telstra breached clause 6.8.1 of the TCP Code by failing to protect the privacy of the names, and in some cases the addresses, of up to 734,000 Telstra customers, and the usernames and passwords of up to 41,000 of those customers.[3] At the end of the reporting period, the ACMA was considering what enforcement action to take.

Privacy of billing information audits

The TCP Code and the Act impose obligations on providers about the disclosure and use of information gathered in the course of conducting their businesses.

After auditing the measures that 10 large providers had in place to safeguard the personal information of customers and assessing the adequacy of these measures, the ACMA commenced investigations into the practices of eight of these providers. The ACMA found that all providers investigated had appropriate measures in place to meet their requirements under the Act and the TCP Code. However, recommendations were made to two of these providers about areas for improvement.

Unauthorised transfer investigation

In February 2012, the TIO wrote to the ACMA about complaints it was receiving about unauthorised bank transactions. The complaints relate to a fraudulent party porting a mobile telephone number to another provider to circumvent part of the banks' online security measures for making transfers to third parties. The issue raises the question of whether mobile providers are complying with the relevant portability rules in the TCP Code and the MNP Code, particularly the rules that relate to ensuring all ports are authorised. The ACMA is currently investigating the portability practices of the larger providers.

Billing investigations

In March 2012, the ACMA received a referral from the TIO regarding the systemic direct debiting practices of a provider, in contravention of the TCP Code. The ACMA is investigating this matter.

The ACMA is also investigating a provider for its compliance with the billing rules in the TCP Code and the Call Charging and Billing Accuracy Code, following an admission by the provider of inaccurate billing.

Industry compliance with TIO scheme

Section 128 of the TCPSS Act requires carriers and eligible CSPs to join the TIO scheme. Eligible CSPs are those providers who supply fixed standard telephone, mobile or internet services to residential and small-business customers. TIO scheme members are required to comply with the scheme.

In 2011–12, the TIO referred 10 providers to the ACMA for failure to join the scheme and two providers for failure to comply with the scheme. Three of these matters have been resolved by companies joining the TIO scheme. The remaining referrals remain the subject of ACMA investigations.

In November 2011, the ACMA commenced proceedings in the Federal Court against a Canberra-based internet service provider, Bytecard Pty Ltd. The proceedings allege failure to comply with five remedial directions issued by the ACMA, relating to Bytecard's non-compliance with five determinations made by the TIO. Each determination requires Bytecard to either refund money to, or waive the debts of, a customer. The Federal Court proceedings are continuing.

General compliance with TCP Code

TIO complaint statistics

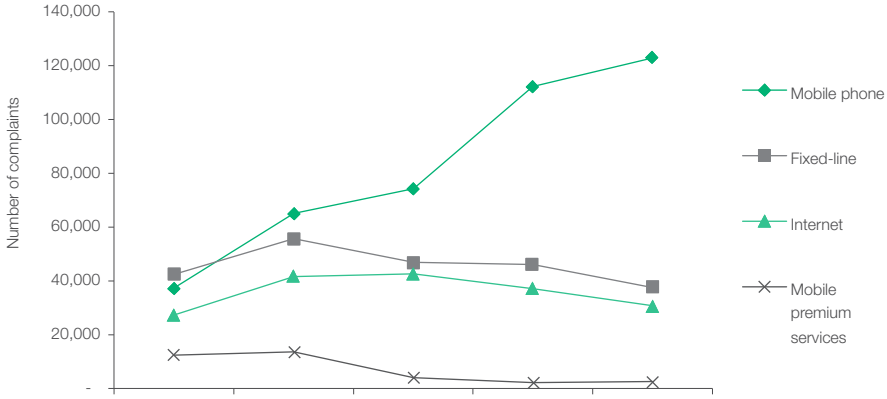
The TIO scheme provides for the resolution of unresolved complaints about carriers or CSPs made by residential and small-business customers where those complaints are not resolved by the CSP/carrier.

In 2011–12, the TIO had 1,221 members, up slightly from 1,214 in 2010–11.

There were 193,702 new complaints made to the TIO during 2011–12. This represents a decrease of two per cent from 2010–11. New complaints for mobile premium services increased by nine per cent in 2011–12.

The TIO records a new complaint when it receives an expression of dissatisfaction from a consumer whose complaint has not been resolved by his or her service provider. The TIO allocates complaint issues within each new complaint from a choice of keywords that are aligned to industry codes or common complaint categories identified by the TIO. Each new complaint involves at least one complaint issue.

Figure 3.11 Annual TIO new complaints by service type



Source: TIO.

Tables 3.18 and 3.19 show new complaint issues by service type and the top five TIO new complaint issues for the last two financial years.

Table 3.18 TIO new complaint issues, by financial year

Service type	2010–11	2011–12	% change
Internet	95,286	75,362	–21%
Fixed-line	116,569	88,121	–24%
Mobile phone	287,220	296,065	+3%
Mobile premium services	4,725	5,158	+9%
Total	**503,800**	**464,706**	**–8%**

Source: TIO.

Table 3.19 Top five TIO new complaint issues

Complaint issue category	2010–11	2011–12	% change
Customer service	115,595	109,502	–5%
Billing and payments	92,548	93,941	+2%
Faults	84,087	78,829	–6%
Complaint handling	94,749	65,818	–31%
Credit management	43,139	52,907	+23%

Source: TIO.

The ACMA's *Reconnecting the Customer* inquiry

On 30 May 2012, CA applied for registration of a revised Telecommunications Consumer Protections Code. The code submitted responded to the proposals in the ACMA's *Reconnecting the Customer* public inquiry, which concluded in September 2011.[4] At that time, CA received a notice under section 125 of the Act identifying a number of deficiencies with the existing code. The public inquiry was prompted by the high number of complaints to the TIO and the increasing complexity of the telecommunications industry.

The report and notice required CA to improve:

> the industry's advertising practices

> product disclosure to consumers prior to sale

> tools to enable consumers to monitor expenditure and usage

> internal complaints-handling by industry.

Consumer satisfaction with communications services

The results from the 2012 customer satisfaction with mainstream telecommunications services survey published in the *Communications report 2011–12* are not directly comparable with 2011 findings due to improvements in the design of the 2012 survey.[5]

Given the increasing numbers of mobile phone users without a fixed-line telephone (18 per cent of adult Australians at June 2012), the 2012 results can be considered to be more representative of the changing dynamics of communications usage in Australia.[6]

Table 3.20 presents a summary of results from the 2012 satisfaction survey.

Overall satisfaction levels

The majority of Australian communications consumers are generally satisfied with their communications services. Overall satisfaction levels are higher for internet users (87 per cent) than fixed-line telephone or mobile phone users (78 per cent and 73 per cent respectively). Levels of overall dissatisfaction with these three types of communications services ranged from three to eight per cent. However, satisfaction with service components is generally lower.

Satisfaction with communications service components

Customer service—the highest levels of satisfaction were recorded for internet services (75 per cent) and the lowest for mobile phone services (60 per cent). Mobile phone services also recorded the highest level of dissatisfaction with customer service at May 2012 (16 per cent).

Service reliability—internet services recorded the highest levels of satisfaction (85 per cent) and mobile phone services the lowest (67 per cent). Mobile phone services also recorded the highest level of dissatisfaction (13 per cent).

Call/service and line rental costs—the highest levels of satisfaction with call/service costs were recorded for internet services (72 per cent) and the lowest for fixed-line telephone services (52 per cent). Both mobile and fixed-line telephone services recorded the highest levels of dissatisfaction for service costs (18 per cent and 17 per cent respectively). Line rental costs for fixed-line telephone services had the highest recorded level of dissatisfaction—30 per cent at May 2012—for all services and service components.

Billing information—levels of satisfaction with billing information provided to customers was similar for the three main communications services, with 67 per cent for mobile phones, 65 per cent for fixed-line telephone and 64 per cent for internet. Dissatisfaction levels were also similar—12 per cent for internet services and 11 per cent for both fixed-line telephone and mobile phones.

Mobile phone internet access and internet data speeds—at May 2012, 57 per cent of consumers with internet access via their mobile phone were satisfied with their mobile internet access and 17 per cent were dissatisfied. In terms of internet data speeds in general, 80 per cent of consumers were satisfied and seven per cent were dissatisfied.

Table 3.20 Communications consumers' satisfaction with communications services, May 2012

	Fixed-line telephone		Mobile phone		Internet	
Overall	Very satisfied	45%	Very satisfied	31%	Very satisfied	64%
	Satisfied	33%	Satisfied	42%	Satisfied	23%
	Dissatisfied	5%	Dissatisfied	5%	Dissatisfied	2%
	Very dissatisfied	2%	Very dissatisfied	3%	Very dissatisfied	1%
Customer service	Very satisfied	30%	Very satisfied	25%	Very satisfied	44%
	Satisfied	33%	Satisfied	35%	Satisfied	31%
	Dissatisfied	7%	Dissatisfied	9%	Dissatisfied	5%
	Very dissatisfied	5%	Very dissatisfied	7%	Very dissatisfied	3%
Service reliability	Very satisfied	43%	Very satisfied	30%	Very satisfied	59%
	Satisfied	37%	Satisfied	37%	Satisfied	26%
	Dissatisfied	4%	Dissatisfied	8%	Dissatisfied	3%
	Very dissatisfied	2%	Very dissatisfied	5%	Very dissatisfied	2%
Call/service costs	Very satisfied	22%	Very satisfied	26%	Very satisfied	40%
	Satisfied	30%	Satisfied	29%	Satisfied	32%
	Dissatisfied	11%	Dissatisfied	12%	Dissatisfied	5%
	Very dissatisfied	6%	Very dissatisfied	6%	Very dissatisfied	3%
Billing information	Very satisfied	31%	Very satisfied	30%	Very satisfied	30%
	Satisfied	34%	Satisfied	37%	Satisfied	34%
	Dissatisfied	7%	Dissatisfied	6%	Dissatisfied	8%
	Very dissatisfied	4%	Very dissatisfied	5%	Very dissatisfied	4%
Line rental cost	Very satisfied	16%	Very satisfied	n/a	Very satisfied	n/a
	Satisfied	22%	Satisfied		Satisfied	
	Dissatisfied	17%	Dissatisfied		Dissatisfied	
	Very dissatisfied	13%	Very dissatisfied		Very dissatisfied	
Internet access	n/a	n/a	Very satisfied	23%	n/a	n/a
			Satisfied	34%		
			Dissatisfied	10%		
			Very dissatisfied	7%		
Data speeds	n/a	n/a	n/a	n/a	Very satisfied	50%
					Satisfied	30%
					Dissatisfied	4%
					Very dissatisfied	3%

n/a=not applicable.
Note: Communications consumers are defined as having a fixed-line telephone and/or a mobile phone. Respondents reporting 'neither satisfied nor dissatisfied' have not been identified separately in the table. However, these responses have been included in the base numbers when calculating percentages for satisfaction and dissatisfaction. The response category 'Overall' is not an average of all other response categories. Respondents were asked a separate question about their overall level of satisfaction with each of the services identified.
Source: ACMA-commissioned research, May 2012.

While direct comparisons with the ACMA 2010–11 satisfaction research are not appropriate due to different survey methodologies, overall this year a significant proportion of Australian household consumers were less inclined to be 'neutral' in their attitude towards their communications services.

Communications infrastructure regulation

Telecommunications companies install infrastructure to be able to deliver services to their customers. While current government policy supports the rollout of these facilities, one of the aims of the Act is to balance the needs of telecommunications companies with the rights of landowners, occupiers and local residents.

While the ACMA cannot consider an objection to a facility authorised under the Act, it may investigate alleged breaches of the Act and relevant codes. The role of the TIO is to receive, investigate and help resolve complaints about the provision or supply of telephone and internet services. The TIO may also investigate and help resolve certain complaints made by landowners or occupiers of land. The majority of land access complaints to the TIO are about damage to property by carriers and the user charges billed as a result of damage reported to cables. During the reporting period, the TIO received a total of 411 complaints (not including enquiries), a 14 per cent decrease from the 2010–11 reporting period. Of complaints received by the TIO during 2011–12:

> 167 related to complaints from owners/occupiers of land about alleged damage to property by the provider

> 159 related to complaints from owners/occupiers of land about carriers billing them for repairing damage to infrastructure allegedly caused by the owner/occupier

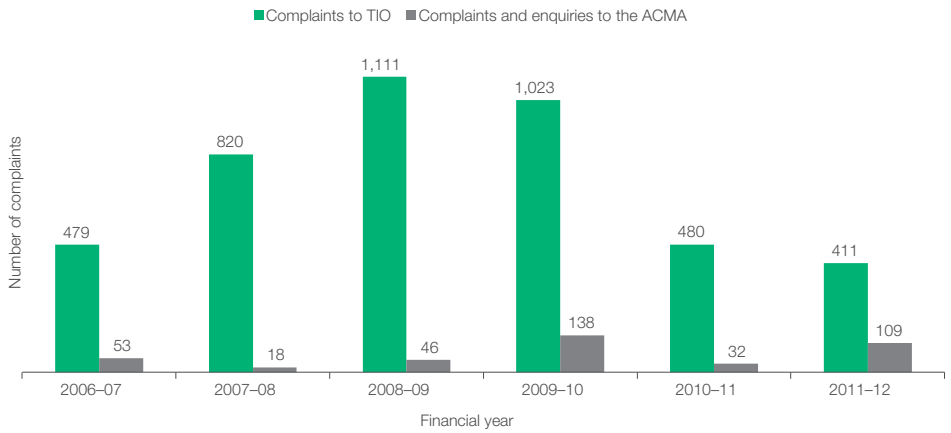
> 32 complaints related to the standard of service from providers when installing subscriber connections

> 23 related to the failure of a carrier to give notice to the landowner or occupier

> 30 complaints were objections by the landowner or occupier to the activity.

There were no directions issued by the TIO in response to these complaints.

Figure 3.12 Facility installation complaints received by the ACMA and TIO



Source: The ACMA and TIO.

Mobile phone base stations

Carriers are required to comply with the CA (previously ACIF) Industry Code C564:2011 *Mobile Phone Base Station Deployment*. The code applies electromagnetic emissions exposure (EME) obligations on carriers and requirements to consult the community.

The Mobile Carriers Forum (MCF) is an industry group that represents the three carriers that operate mobile phone networks in Australia—Optus, Telstra and VHA. The MCF website, www.mcf.amta.org.au, provides a listing of all mobile phone base stations deployed or upgraded since 2003, as well as EME assessment reports for each of those base stations.

Complaints about carriers' compliance with the code are directed to the carriers in the first instance. The code specifies mandatory processes for complaints-handling by carriers. The ACMA examines complaints against the code and may take regulatory action under Part 6 of the Act.

During the reporting period, the ACMA received 108 enquiries and one complaint about matters covered by Schedule 3 of the Act and the Telecommunications Code of Practice 1997. The ACMA also received seven complaints and 40 enquiries related to the code. The carriers undertook a total of 3,580 consultations under the code during this period.

Codes—development and review

The ACMA registered the code on 1 July 2012. This code was developed following a review by CA of the previous industry code, C564:2004 *Deployment of Mobile Phone Network Infrastructure* during 2011.

Endnotes

1 Internet relay is a service that enables a user to communicate in text via the internet while a relay officer uses voice or text to communicate with the other party.

2 For related investigations and directions, refer to *ACMA directions about compliance (section 121)*, www.acma.gov.au/WEB/STANDARD/pc=PC_100872.

3 For more information about the investigation report, refer to ACMA media release, 'Telstra disclosure breaches TCP Code', 29 June 2012, www.acma.gov.au/WEB/STANDARD/pc=PC_410412.

4 ACMA, Reconnecting the Customer *final public inquiry report*, September 2011, www.acma.gov.au/WEB/STANDARD/pc=PC_312222.

5 2011–12 ACMA-commissioned research included a representative sample of consumers who have a mobile phone and no fixed-line telephone connection in their home.

6 Roy Morgan Single Source, June 2012.

Chapter 4

Broadcasting industry regulatory performance

Overview

Broadcasting legislation, program standards and licence conditions determine the regulatory obligations of commercial radio and television broadcasters in Australia. Chapter 4 provides information on the performance of broadcasters in meeting their regulatory obligations. Information is also presented on the number of broadcasting-related complaints to the ACMA under broadcasting codes of practice and about prohibited and potential prohibited online content under the *Broadcasting Services Act 1992* (the BSA).

During the 2011 calendar year:

- Free-to-air commercial television licensees continued to meet regulatory requirements for transmitting Australian content including:
  - the 55 per cent transmission quota for overall Australian content
  - the quota for first-release Australian drama (including series, serials, mini-series, telemovies and feature films)
  - the quota for first-release Australian documentaries
  - quotas for children's programs (with the exception of Channel Seven Brisbane).
- All free-to-air commercial television stations broadcasted more than the required 80 per cent of Australian advertising, with compliance ranging from 85 per cent for Network Ten to 90 per cent for the Nine Network.
- Commercial and national television broadcasters required to transmit the high definition television (HDTV) quota complied with their quota requirements.

During 2011–12:

- All regional television licensees in Queensland, New South Wales, Victoria and Tasmania reported that they met the minimum quota requirements for providing local information.
- All but one regional commercial radio broadcasting licensee broadcast the required amount of material of local significance.

- Digitalisation of Australian broadcasting services continued with:
  - 31 digital radio stations transmitting as at March 2012 compared with 20 stations as at March 2011
  - 1.3 million people listening to digital radio on a weekly basis in Sydney, Melbourne, Brisbane, Perth and Adelaide at June 2012 compared to 940,000 as at June 2011
  - the number of digital radios sold increasing from 508,462 as at June 2011 to 908,311 as at June 2012
  - all required national and commercial metropolitan digital television broadcasting services being rolled out, reaching 98 per cent (national services) and 93 per cent (commercial services) in regional areas, and 69 per cent (national services) and 41 per cent (commercial services) in remote areas.
- New digital datacasting services were introduced, including TV4ME on channels 64 and 74, Extra on Channel 94 and GOLD on Channel 84.
- The community television broadcasters, Channel C31 in Melbourne (Channel 44), TVS in Sydney (Channel 44), 31 Digital in Brisbane (formerly Briz31 and QCTV) and Digital 44 in Adelaide (formerly C31), moved to digital-only services, switching off their analog transmissions.
- The ACMA received:
  - 2,273 written complaints and enquiries about broadcasting matters, up from 1,512 during 2010–11
  - 5,026 complaints about online content, up from 4,865 during 2010–11.

Australian content on television

The Broadcasting Services (Australian Content) Standard 2005 (Australian Content Standard) requires commercial television broadcasters to:

- broadcast a minimum level of Australian programming
- broadcast minimum amounts of first-release Australian drama and documentary programs
- broadcast minimum amounts of Australian-made children's programs
- ensure that all preschool programs are Australian.

The Australian Content Standard requirements include the following:

- Overall levels of Australian content—Australian programs to be produced under the creative control of Australians and made without financial assistance from the television production fund.
- Australian drama—an annual and a three-yearly drama point score system for first-release Australian drama programs, including series, serials, mini-series, telemovies and feature films. The point score system for different program formats creates incentives to produce and broadcast the more expensive drama programs.

The Australian Content Standard aims to develop and reflect a sense of Australian identity, character and cultural diversity by supporting continued community access to television programs produced under Australian creative control. New Zealand programs are treated equally with Australian programs for compliance with the Australian Content Standard.

During the 2011 calendar year, the major metropolitan free-to-air commercial network licensees met the Australian content transmission quotas for overall content, drama and documentaries as shown in Table 4.1.

Table 4.1 Major metropolitan free-to-air commercial network licensees meeting requirements of the Australian Content Standard for the 2011 calendar year

	Minimum transmission quota required to meet the standard	Licensees		
		Seven Network—in the 5 mainland state capital cities	Nine Network—in Brisbane, Melbourne and Sydney	Ten Network—in the 5 mainland state capital cities
Overall Australian content first-release and repeat programs* (%)	55	65	65	61
Australian drama first-release programs (points)	250	294	279	267
Australian documentaries first-release programs (average hrs)	20	60	54	25

Must be broadcast between 6.00 am and midnight.

Children's programs on commercial television

In conjunction with the Australian Content Standard, the Children's Television Standards 2009 (CTS) are designed to give children under 14 years of age access to quality television programs that are specifically made for them and reflect their cultural experience.

The CTS requires licensees to provide at least 390 hours annually of children's programs comprising:

> 260 hours of children's (C) programs

> 130 hours of preschool (P) programs.

The Australian Content Standard sets out additional annual first release and C drama requirements within these quotas. During the 2011 calendar year, all metropolitan free-to-air commercial television broadcasting licensees met all of these annual quotas, except Channel Seven Brisbane (Table 4.2). Due to a scheduling error, it failed to meet its preschool program quota by 30 minutes. The station will make up for the shortfall in 2012.

Table 4.2 Children's and preschool children's programs, 2011 calendar year

Quota	Australian children's C drama		Australian children's C programs	Children's C programs	Australian preschool P programs
Run	First release	Repeat	First release	All	All
Measure	Total annual hours	Total annual hours	Total annual hours—includes C drama	Total annual hours—all C programs	Total annual hours
Minimum annual requirement	25	8	130	260	130
Seven licensees					
SAS Adelaide	33.00	92.32	130.40	260.72	130.00
BTQ Brisbane	33.00	92.30	130.40	260.70	129.50
HSV Melbourne	33.00	92.32	130.40	260.72	130.00
TVW Perth	33.00	92.32	130.40	260.72	130.00
ATN Sydney	33.00	92.32	130.40	260.72	130.00

Nine licensees					
QTQ Brisbane	33.50	91.50	131.00	269.00	130.00
GTV Melbourne	33.50	89.50	131.00	269.00	130.00
TCN Sydney	33.50	89.50	131.00	269.00	130.00
Ten licensees					
ADS Adelaide	39.50	42.50	139.50	261.50	130.00
TVQ Brisbane	39.50	42.50	139.50	261.50	130.00
ATV Melbourne	39.50	42.50	139.50	261.50	130.00
NEW Perth	39.50	42.50	139.50	261.50	130.00
TEN Sydney	39.50	42.50	139.50	261.50	130.00

Source: The ACMA.

The Australian Content Standard also requires that at least 96 hours of C programs over the three-year period from 2009 to 2011 be first-release Australian C drama programs. All free-to-air metropolitan commercial television broadcasting licensees met this minimum requirement.

Subscription television drama expenditure scheme

The new eligible drama expenditure scheme requires licensees and channel providers of subscription television drama services to spend at least 10 per cent of their annual total program expenditure on new eligible drama programs. To be eligible, a drama program must be an Australian or New Zealand production or co-production, and must not have been televised in either country on a broadcasting service at any time before the expenditure on the program is incurred. Where the 10 per cent requirement is not met in the current financial year, the shortfall must be made up the following year.

In 2010–11, the total program expenditure for all programs by participating drama service channel providers and licensees was $296.87 million, equating to an expenditure obligation of $29.69 million. The scheme requires that this expenditure obligation be acquitted in the reporting year or the following year only. During the reporting period, a total of $33.5 million was spent on new Australian and New Zealand drama productions or co-productions.

Participants nominated $12.2 million to acquit the expenditure shortfall from 2009–10 and nominated $22.84 million towards meeting the 10 per cent minimum expenditure requirement for 2010–11. Scheme participants must spend a minimum of $6.7 million in 2011–12 to acquit the remaining 2010–11 obligation.

Australian advertising

The Television Program Standard 23—Australian Content in Advertising requires at least 80 per cent of the total advertising time broadcast by commercial television licensees each year between 6.00 am and midnight to be used for Australian-produced advertisements. Exemptions apply to imported cinema films, videos, recordings, live appearances by overseas entertainers, and paid community service announcements for organisations that have a charitable, public health or educational purpose.

Advertisements are classified as Australian or foreign by Commercials Advice Pty Ltd, also known as CAD, which is wholly owned by Free TV Australia. CAD classification data, together with reports from the commercial television licensees, are used to monitor trends in Australian and foreign content in advertising. The ACMA publishes annual reports on compliance with the standard on its website.

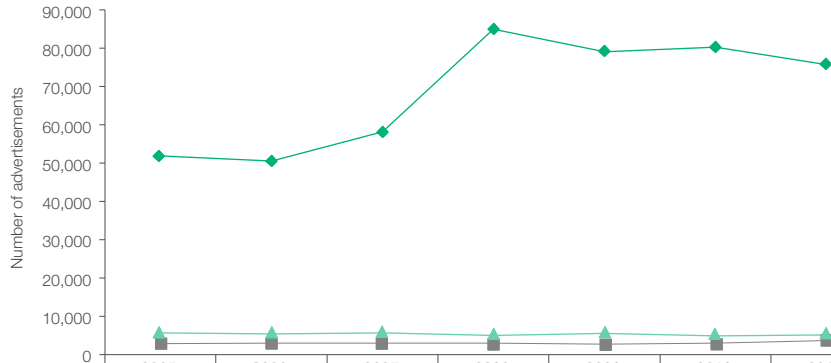
Table 4.3 Top three product categories for Australian and foreign advertisements

Australian		Foreign	
2010	2011	2010	2011
Retail	Retail	Retail	Retail
Entertainment	Entertainment	Motor vehicle	Motor vehicle
Motor vehicle	Motor vehicle	Toiletries and cosmetics	Leisure and outdoor

Note: The top three Australian categories have been consistent since 2005.

The total number of advertisements classified as Australian dropped by six per cent during 2011, while foreign and exempt advertisements increased by 19 and four per cent respectively from 2010 (Figure 4.1).

Figure 4.1 Australian and foreign advertisements classified by CAD, by calendar year

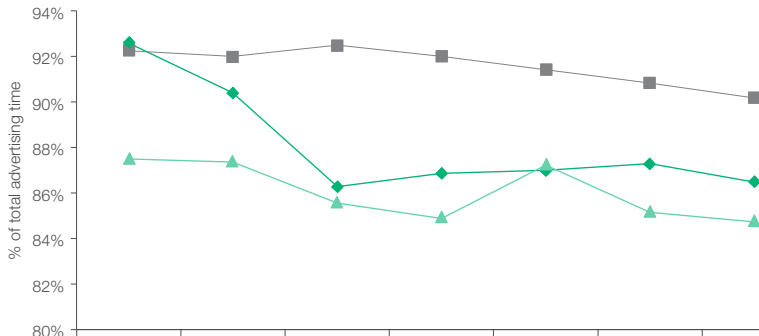


	2005	2006	2007	2008	2009	2010	2011
Australian	51,924	50,488	58,116	84,924	79,003	80,284	75,644
Foreign	2,827	3,048	3,016	3,052	2,679	3,065	3,635
Exempt	5,644	5,352	5,661	5,036	5,554	4,900	5,093

Source: CAD.

Figure 4.2 shows that all free-to-air television stations broadcast more than the required 80 per cent of Australian advertising in the 2011 calendar year. Foreign advertising averaged well under the maximum allowable 20 per cent for each year between 2005 and 2011.

Figure 4.2 Percentage of Australian advertising broadcasted by calendar year



	2005	2006	2007	2008	2009	2010	2011
Seven Network	93%	90%	86%	87%	87%	87%	86%
Nine Network	92%	92%	93%	92%	91%	91%	90%
Network Ten	87%	87%	86%	85%	87%	85%	85%

Source: CAD.

Captioning

Under the BSA, free-to-air television broadcasters (ABC, SBS and commercial stations) are required to provide a captioning service for all programs transmitted between 6.00 pm and 10.30 pm and during all news and current affairs programs.

Some television programs are exempt from this requirement, including those that:

> are not in English

> consist only of non-vocal, incidental or background music

> are broadcast on a standard definition television (SDTV) or HDTV multi-channel (unless previously broadcast with captions on the broadcaster's core channel).

On 28 June 2012, the government amended captioning provisions in the BSA. From 1 July 2012, free-to-air television broadcasters and subscription television licensees are required to meet annual captioning targets.

Quality of captioning

The ACMA is committed to ensuring that all Australians have access to quality electronic media. In September 2010, the ACMA convened a captioning workshop attended by over 40 consumer advocates, broadcasters and captioning providers. An outcome of this workshop was the establishment of the Co-Regulatory Captioning Committee (CCC), tasked with developing captioning quality indicators. The CCC has met five times since November 2010. In September 2011, it developed a guidance document to which the ACMA refers when it considers complaints about captioning.

Recent amendments to captioning provisions in the BSA require the ACMA to develop captioning quality standard(s) for television programs transmitted on national and commercial broadcast television and subscription television by mid 2013 (section 130ZZA of the BSA).

Notification of changes in control

Commercial television and radio licensees and publishers of associated newspapers must notify the ACMA of any changes in control within five days of becoming aware of those changes (section 63 of the BSA). Persons who come into a position to exercise control of such licences and associated newspapers are also required to notify the ACMA within five days of becoming aware of the change in control (section 64 of the BSA).

By 30 September each year, commercial television and radio licensees, and the publishers of the newspapers listed in the ACMA's Associated Newspaper Register must provide the ACMA with a list of all persons in a position to exercise control of the licence or newspaper as at 30 June of that year (section 62 of the BSA).

The ACMA updates the Register of Controlled Media Groups (RCMG) when it is notified of relevant changes in control. An unacceptable media diversity situation arises if a change in control results in fewer than five points in any metropolitan commercial radio licence area or fewer than four points in any regional commercial radio licence area (subsections 61AB(1) and 61AB(2) of the BSA). In general, each registrable media group constitutes one point, as does each separate media operation that is not part of a registrable media group (section 61AEA of the BSA).

An unacceptable three-way control situation exists if a person is in a position to exercise control of a commercial television licence, a commercial radio licence and an associated newspaper in the one commercial radio licence area.

Compliance with legislative requirements

Under Part 14E of the BSA, an authorised ACMA infringement notice officer can issue a formal warning (under section 205XA) and this may be followed by an infringement notice (under section 205Y) where the officer has reasonable grounds to believe that a person has contravened a notification provision referred to above (section 62, 63 or 64).

Nine transactions affecting the control of media operations occurred during 2011–12.

For the third year running, the licensees of all 327 commercial broadcasting licences and publishers of all 46 associated newspapers lodged their annual returns on time (as required under Part 5 of the BSA). The information contained in the annual returns is used to monitor the ownership of media operations and is reflected in the media control database and the RCMG.

During 2011–12, 21 formal warnings and 14 infringement notices were given for late notifications. However, these were related to events that took place in previous financial years.

Local information on regional television

The following regional commercial television broadcasting licensees in Queensland, New South Wales, Victoria and Tasmania must broadcast minimum amounts of material of local significance (local content) as a result of an additional licence condition:

> Seven Qld, Southern Cross and WIN TV in regional Queensland

> NBN Ltd, Prime Television and Southern Cross in northern New South Wales

> Prime Television, Southern Cross and WIN TV in southern New South Wales

> Prime Television, Southern Cross and WIN TV in regional Victoria

> Southern Cross, WIN TV and Southern Cross/WIN joint venture in Tasmania.

For the period 24 July 2011 to 4 February 2012, all regional broadcasting licensees in Queensland, New South Wales, Victoria and Tasmania (except Tasmanian Digital Television) reported that they met the weekly and six-weekly minimum quota requirements of 90 points and 720 points respectively.

Tasmanian Digital Television reported that it met its 120-point quota requirement for the period 1 January to 31 December 2011. Being a digital-only commercial television service, Tasmanian Digital Television is operating under an additional licence condition until 31 December 2012 (or until switch-off of analog television services in its licensed area, whichever occurs earlier), whereby the quota requirements is 120 points per annum.

Local content, presence and information on regional radio

A licence condition in place since 1 January 2008 under the Broadcasting Service (Additional Regional Commercial Radio Licence Condition – Material of Local Significance) Notice 19 December 2007 requires regional commercial radio broadcasting licensees to broadcast prescribed amounts of material of local significance (local content) between 5.00 am and 8.00 pm on business days.

According to licensees' annual returns for 2010–11, all but one regional commercial radio broadcasting licensee broadcast the required amount of local content.[1]

In addition, since April 2007 regional commercial radio broadcasting licensees (except for section 40 licences) affected by certain changes in ownership or control (known as 'trigger events') have attracted obligations to:

> maintain existing levels of local presence (local staff and facilities)

> broadcast specified amounts of local news, weather and other information (also known as the minimum service standards under Part 5 of the BSA).

In April 2012, the *Broadcasting Services Amendment (Regional Commercial Radio) Act 2012* amended the BSA so that remote area and racing service licensees were exempted from complying with the obligations to broadcast prescribed amounts of material of local content, maintain existing levels of local presence and broadcast the minimum service standards.

As at 30 June 2012, 94 regional commercial radio licensees had been affected by a trigger event since April 2007. During 2011–12, trigger events occurred for a total of 24 licences.

Anti-terrorism standards

The Broadcasting Services (Anti-terrorism Requirements for Open Narrowcasting Television Services) Standard 2011 and the Broadcasting Services (Anti-terrorism Requirements for Subscription Narrowcasting Television Services) Standard 2011 (the 2011 Anti-terrorism Standards) commenced on 1 July 2011.

There were no complaints about, or investigations into, industry compliance with the 2011 Anti-terrorism Standards during the reporting period.

Commercial radio standards

Review of commercial radio standards

In November 2011, the ACMA concluded its comprehensive review of the three commercial radio standards that were determined by the former Australian Broadcasting Authority in 1999–2000. The ACMA's Review of the Commercial Radio Standards was released in November 2011.

In March 2012, the ACMA determined the following new standards that commenced on 1 May 2012:

> the Broadcasting Services (Commercial Radio Current Affairs Disclosure) Standard 2012 and the Broadcasting Services (Commercial Radio Advertising) Standard 2012—which both replace the 2000 Standard

> the Broadcasting Services (Commercial Radio Compliance Program) Standard Revocation 2012—which revokes the 2000 Standard.

Investigations into compliance with the commercial radio standards

During the reporting period, the ACMA conducted one investigation under the Broadcasting Services (Commercial Radio Advertising) Standard 2000. It found that Greater Cairns Radio Pty Ltd (the licensee of commercial radio station 4HOT) did not breach the standard during the *Marty and Jess Breakfast Show* on 19 August 2011.[2]

No investigations were conducted under the Broadcasting Services (Commercial Radio Current Affairs Disclosure) Standard 2000, the Broadcasting Services (Commercial Radio Advertising) Standard 2012 or the Broadcasting Services (Commercial Radio Compliance Program) Standard Revocation 2000 during the reporting period.

Interactive gambling

Under the *Interactive Gambling Act 2001* (the IGA), the ACMA is responsible for, among other things, investigating complaints about alleged prohibited internet gambling content and for registering industry codes of practice dealing with internet interactive gambling matters.

During 2011–12, the ACMA received 126 complaints and general enquiries under the IGA. Of the 37 investigations completed in the period, 20 resulted in the location of overseas-hosted prohibited internet gambling content. These services were referred to makers of filter software in accordance with the code of practice registered under the IGA. They were also referred to the Australian Federal Police.

One complaint received in the period referred to potentially prohibited Australian-hosted internet gambling content that the ACMA did not consider warranted a referral to the police for further investigation.

Digital broadcasting

Digitalisation of Australian broadcasting services includes the phased transition of terrestrial television services from analog to digital services in the period June 2010 to December 2013 and the introduction of digital radio services.

Digital television

Since the initial switching-off of analog services in the Mildura and Sunraysia licence area in Victoria on 30 June 2010, switchover has continued. During the 2011–12 reporting period, regional Queensland switched over on 6 December 2011 and regions in southern New South Wales on 5 June 2012.

Areas in northern New South Wales are programmed to switch over to digital-only services on 27 November 2012. The metropolitan areas, together with Tasmania, will switch over between 2 April and 10 December 2013 (Table 4.4).

Table 4.4 Proposed switchover dates for metropolitan areas and Tasmania

Switchover area	Proposed switchover date
Adelaide	2 April 2013
Tasmania	9 April 2013
Perth	16 April 2013
Brisbane (includes Sunshine Coast and Gold Coast)	28 May 2013
Darwin	30 July 2013
Sydney (includes Gosford)	3 December 2013
Melbourne	10 December 2013

Source: Minister for Broadband, Communications and the Digital Economy, media release, 25 June 2012, www.minister.dbcde.gov.au/media/media_releases/2012/098.

Aside from these major areas, a number of towns may switch over on dates earlier than those mentioned above. Details of the affected towns and the exact dates are published on the *Digital Switchover Taskforce* website, www.digitalready.gov.au.

Under the National Television Conversion Scheme 1999 and the Commercial Television Conversion Scheme 1999, national and commercial broadcasters are required, during a simulcast period, to transmit television programs in analog and digital modes.[3] All national and commercial metropolitan digital services required under the conversion schemes have been rolled out, and rollout of converting digital services in regional and remote areas is progressing, as set out in Table 4.5. Completing the switchover will allow all free-to-air commercial and national broadcasters to cease analog television broadcasting by the end of 2013. The transition to digital will mean that consumers will need digital receiving equipment to receive free-to-air broadcast television.

Table 4.5 Percentage of required digital television services rolled out (1 July 2012)

	National (%)	Commercial (%)
Metropolitan	100	100
Regional	98	93
Remote	69	41

Note: Does not include retransmission services operated by local communities and other non-broadcasters.
Source: The ACMA.

Broadcasters continue to take advantage of the benefits offered by the transition to digital. Commercial broadcasters took advantage of additional capacity on their digital multiplexes to add datacasting services to their suites of channels. Datacasting services appear to the viewer as another multichannel but are distinct for regulatory purposes and are limited in the content that

can be carried. Predominantly, datacasting services show advertorial and educational content, and are all in standard definition. The Seven Network added TV4ME on Channel 74, Prime Network added TV4ME on Channel 64, Channel Nine added Extra on Channel 94 (called GOLD in Adelaide) and WIN Network added GOLD on Channel 84.

In the same period, a number of community broadcasters moved to digital-only services switching off their analog transmissions—Channel C31 in Melbourne (Channel 44), TVS in Sydney (Channel 44), 31 Digital in Brisbane (formerly Briz31 and QCTV) and Digital 44 in Adelaide (formerly C31).

Digital television consumer research

At June 2012, the percentage of Australian households that have converted to digital television remained at 82 per cent, unchanged since June 2011.[4]

High definition broadcasting

Under Part 4 of Schedule 4 to the BSA, commercial television broadcasting licensees and national broadcasters must meet HDTV quota standards. Each commercial or national television broadcasting service in a mainland metropolitan area is required to transmit a quota of 1,040 hours of HDTV programming per calendar year. The HDTV obligations also apply to a number of broadcasters in regional areas.

The ABC and SBS are permitted to 'up-convert' their analog or standard definition television (SDTV) programs to HDTV.

Under the Broadcasting Services (Digital Television Standards) Regulations 2000, broadcasters required to meet the HDTV quota must report compliance information to the ACMA twice a year—interim reports for the first six months of the calendar year, followed by consolidated reports for the full 12 months. Records must be kept for 18 months after the transmission is first reported to the ACMA.

In the 2011 calendar year, commercial and national television broadcasters required to transmit the HDTV quota complied. The compliance results of national and commercial television broadcasters in the mainland metropolitan areas are presented in Table 4.6.

Table 4.6 High definition television quota compliance, 2011 calendar year

Broadcaster	HDTV hours (range)
ABC	8,386
SBS	8,760
Seven Network	1,334–1,350
Nine Network	3,012
Network Ten	4,096–4,175

Source: The ACMA.

Digital radio

Digital radio transmissions using the DAB+ standard were officially able to commence in Adelaide, Brisbane, Melbourne, Perth and Sydney from 1 July 2009 after the ACMA declared that day to be 'digital radio start-up day' in accordance with section 8AC of the BSA. From this date, commercial and national radio broadcasters have provided digital radio services. As at March 2012, there were up to 31 new DAB+ only stations across the five mainland capital cities compared with 20 as at March 2011. Additional pop-up stations such as Elf Radio, Chemist Warehouse Mix 90's, Cold Chisel Radio, ABC NAIDOC and ABC Music Deli were created for limited time periods. Commercial and public broadcasters provide a 'simulcast' of their analog radio services, while many are also transmitting new digital-only radio services. Designated community radio broadcasters in these areas progressively commenced digital radio broadcasts from October 2010.

As at June 2012, there were nearly 1.3 million people listening to digital radio each week in Sydney, Melbourne, Brisbane, Perth and Adelaide. This compared with 940,000 at June 2010. The number of digital radios sold has also increased from 508,462 at June 2011 to 908,311 at June 2012.[5]

Digital radio services are transmitted using VHF Band III spectrum, the same spectrum currently used for analog and digital television. Broadcasters share digital transmission infrastructure and deliver digital radio services through DAB+ multiplexes, with more than a dozen services typically transmitted on one DAB+ multiplex.

Digital radio is currently not available permanently outside the five metropolitan areas. Section 215A of the BSA requires a review to be conducted to examine the appropriateness of various digital radio technologies for regional Australia. The Department of Broadband, Communications and the Digital Economy (DBCDE), with technical assistance from the ACMA, completed this review and the report, *Review of technologies for digital radio in Regional Australia*, was tabled in parliament on 12 October 2011.

Testing of different technologies in regional areas is underway, as commercial radio operators work with the ACMA to develop regional trials. In response to applications from Commercial Radio Australia, the ACMA has authorised trials of DAB+ in two regional licence areas where sufficient spectrum is available—Canberra and Darwin. The Canberra trial commenced on 19 July 2010 and the Darwin trial on 13 August 2010. Both trials were initially licensed for 12 months but have been extended until 31 July 2013.

Broadcasting complaints

Broadcasting complaints and investigations

The BSA establishes a co-regulatory scheme that sets out roles for industry groups and national broadcasters across the commercial, community, narrowcast and subscription broadcasting sectors to develop codes of practice applicable to that section of the industry.

The ACMA registers broadcasting industry codes under section 123 of the BSA, but does not register codes for national broadcasters. Under the BSA, national broadcasters notify their codes to the ACMA.

The various codes cover a range of issues, including:

> factual accuracy and impartiality in news and current affairs

> privacy

> classification

> complaints-handling

> advertising.

The co-regulatory scheme gives broadcasters an opportunity to respond to any complaints about non-compliance with codes of practice. Where citizens are dissatisfied with the broadcaster's response, they may complain to the ACMA.

The ACMA can investigate possible non-compliance, if the complainant either:

> has first directed the complaint to the relevant broadcaster in accordance with the relevant code

> considers the broadcaster's response to be inadequate

> has not received a response within 60 days.

Complaints about alleged breaches of the BSA, licence conditions or program standards may be made directly to the ACMA.

Broadcasting complaints and investigations, 2007–12

The ACMA tracks the number and details of complaints it receives about possible breaches of the BSA, standards, licence conditions and code provisions. Not all complaints are investigated, either because the complainant chooses not to pursue the matter further or because the complaints are outside the ACMA's jurisdiction.

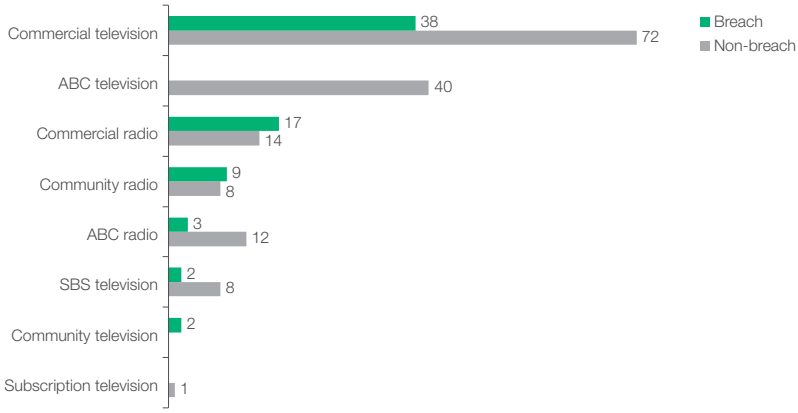
There were 2,273 written complaints and enquiries made to the ACMA about broadcasting matters during 2011–12, an increase of 50 per cent since 2010–11 (Table 4.7). The number of investigations completed in 2011–12 was 231, an increase of 17 per cent on last year. There were five investigations concluded where, for example, the complaint was withdrawn. The majority of investigations resulting in a breach finding occurred in the commercial television sector (Figure 4.3).

Table 4.7 ACMA broadcasting complaints and investigations by financial year

	2007–08	2008–09	2009–10	2010–11	2011–12
Written complaints and enquiries received	789	1,464	1,676	1,512	2,273
Investigations completed	136	194	189	197	231
Investigations resulting in breach finding	47	80	74	72	71
Investigations resulting in non-breach finding	89	109	111	115	155

Note: Sum of categories does not equal total number of investigations completed due to exclusion of completed investigations with no finding; for example, where the complaint is withdrawn.
Source: Broadcasting complaints to the ACMA.

Figure 4.3 ACMA broadcasting investigations for 2011–12 by sector



Note: Sum of categories does not equal total number of investigations completed due to exclusion of completed investigations with no finding; for example, where the complaint is withdrawn.
Source: Broadcasting complaints to the ACMA.

Investigating complaints about online content

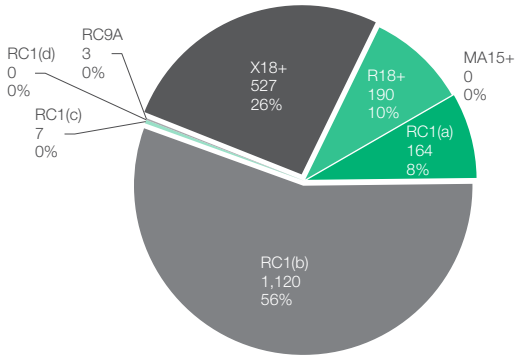
The online content co-regulatory scheme is established under schedules 5 and 7 to the BSA and dovetails with industry codes of practice. Under the scheme, the ACMA must investigate all valid complaints about online content where the complainant considers that the content may be prohibited.

Prohibited online content is defined by reference to the National Classification Scheme under the *Classification (Publications, Films and Computer Games) Act 1995*. Content that is classified RC (Refused Classification) and X 18+ is prohibited and, in certain circumstances, content that is classified R 18+ and MA 15+ is also prohibited. Content that has not been formally classified by the National Classification Board, but has been determined by the ACMA as likely to be prohibited, is termed 'potential prohibited' content under the BSA.[6]

During 2011–12, the ACMA received 5,026 complaints (compared to 4,865 during 2010–11) and finalised investigations into 6,265 items of content as at 30 June 2012. Of these, 2,011 individual items were assessed as prohibited or potential prohibited online content (Table 4.8).

If prohibited content is hosted in or provided from Australia, the ACMA must direct the content service provider to remove or prevent access to it (depending on its nature). If prohibited or potential prohibited content is hosted overseas, the ACMA notifies the suppliers of optional end-user Internet Industry Association (IIA) accredited filters. These filters have been tested and accredited by the IIA, as part of the Family Friendly Filter scheme, in accordance with the Internet and Mobile Content Code. Approximately 64 per cent of online content items actioned were classified or likely to be classified as RC (Figure 4.4).

Figure 4.4 Prohibited and potential prohibited content items actioned by actual or likely classification, 1 July 2011 to 30 June 2012



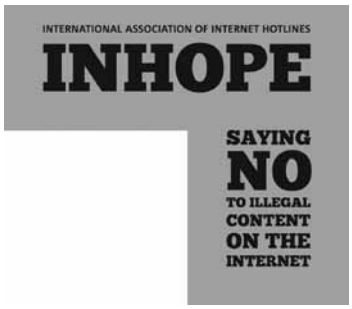
Note: According to the National Classification Scheme, RC1(a)=Content that describes, depicts, expresses or otherwise deals with matters of sex, drug misuse or addiction, crime, cruelty, violence, or revolting or abhorrent phenomena in such a way that they offend against the standards of morality, decency and propriety generally accepted by reasonable adults to the extent that they should not be classified. This includes, but is not limited to, depictions of bestiality, sexual activity accompanied by offensive or abhorrent fetishes, incest fantasies and cruelty or real violence which has a high impact. RC1(b)=Content that describes or depicts in a way that is likely to cause offence to a reasonable adult, a person who is or appears to be, a child under 18 (whether the person is engaged in sexual activity or not). RC1(c)=Content that promotes, incites or instructs in matters of crime or violence. RC1(d)=Computer games that are unsuitable for a minor to see or play. RC 9A=Material that advocates the doing of a terrorist act as set out under section 9A of the Classification (Publications, Films and Computer Games) Act 1995.
Source: Online content complaints actioned by the ACMA.

During 2011–12, a total of 2,004 overseas-hosted prohibited or potential prohibited items were referred to suppliers of optional end-user industry-accredited filters (Table 4.8). The ACMA also issued seven final 'take-down' notices for items of Australian-hosted prohibited content. All ISPs issued with a notice removed the content within the required time frame, maintaining 100 per cent compliance with 'take-down' directions.

Table 4.8 Internet content investigations by financial year

	2007–08	2008–09	2009–10	2010–11	2011–12
Complaints					
Complaints* received	1,122	1,182	3,212	4,865	5,026
Invalid§ complaints	132	99	118	217	329
Investigations					
Investigations terminated‡	119	142	175	174	210
Investigations completed†	775	1,003	2,782	3,994	5,403
Total items° investigated	1,488	2,281	3,828	6,587	6,265
Action taken					
Items actioned# (hosted in, or provided from, Australia)	15	7	25	12	7
Items actioned (overseas-hosted)	786	1,356	1,907	1,945	2,004
Items of child abuse and other illegal material referred to law enforcement	408	926	1,092	1,071	1,130

**A complaint may not reach investigation stage if the complainant is not eligible to make a complaint or if the complaint is about a matter that the ACMA cannot investigate.*
†An investigation may relate to one or many items of content. An investigation may be terminated if the ACMA does not have sufficient information to conduct its investigation.
‡An investigation may be terminated if the ACMA is of the opinion that is does not have sufficient information to conclude the investigation.
§A complaint is not investigated if the complaint is invalid. A complaint is invalid if it does not contain the required information set out at subclause 37(4) of Schedule 7 to the BSA, or has been made by a person not entitled to make a complaint.
°An item relates to an individual page, image or other file.
#Action is taken on items assessed as prohibited or potential prohibited.
Source: Online content complaints actioned by the ACMA.



International cooperation to remove online illegal content

The ACMA places a high priority on acting promptly and effectively against prohibited or potential prohibited online content deemed 'sufficiently serious'. This includes child abuse; advocating the doing of a terrorist act; or promoting, inciting or instructing crime or violence. The ACMA refers this content to either an Australian law enforcement agency or approved overseas agency through the International Association of Internet Hotlines (INHOPE), of which the ACMA is a long-term member. INHOPE coordinates a network of international hotlines to take swift action in response to reports of illegal content.

Endnotes

1 A section 40 licensee in Kalgoorlie reported an inability to broadcast from 2008 until 3 March 2011 due to technical difficulties.

2 For further information see *Investigation report No. 2685,* www.acma.gov.au/webwr/_assets/main/lib312035/4hot_report_2685.doc.

3 The simulcast period is defined in clause 2 of Schedule 4 of the BSA.

4 DBCDE, Digital Tracker Summary Report, Quarter 2, April to June 2012.

5 Nielsen Company Radio Ratings, Survey #3, 2012 All People 10+ Mon-Sun 12:00 am to 12:00 am, GfK Marketscope Report Q1 2012—Commercial Radio Australia Media Release, 13 May 2012.

6 Potential prohibited content is defined at clause 21 of Schedule 7 of the BSA.

Chapter 5

Consumer benefits from participating in the digital economy

Overview

In this chapter, the ACMA continues its descriptive approach to assessing the consumer benefits from digital communications. Given the increasing integration of access to the internet as a core component of consumer devices (for example, smartphones), consumer benefits are examined in terms of activities undertaken online and Australians' attitudes towards the internet as an enabler of participation in the digital economy. The range of data presented in this chapter includes:

- levels of internet take-up and activities performed online
- consumer attitudes to the internet, including levels of trust and confidence in the online environment
- the importance placed on the internet in undertaking daily activities
- perceptions of consumer benefits from undertaking select activities online.

The term 'consumer benefits' is used in this chapter to describe the non-monetary value derived from the use of the internet by individuals in terms of delivering greater interconnectedness through online social and economic interactions. In this context, value is considered as the overall importance placed on identified benefits from undertaking certain activities online. In seeking to better understand the benefits to Australians from participating online, the ACMA included a number of questions in its annual survey of telecommunications users about the importance of undertaking selected activities online for:

- research and gathering information
- general communications
- financial transactions
- entertainment-related activities.

These activities were chosen for closer examination because they have consistently displayed high levels of take-up and use by Australian internet users over the past decade.[1] Perceived benefits of undertaking an activity online were measured against seven areas of consumer benefit:

1. Saving money (cheaper).
2. Saving time (being faster).
3. Having more variety, information or options.
4. Being convenient or flexible to access.
5. Being more accessible (open 24x7).
6. Being able to keep in touch or up to date.
7. Offering a form of recreation or leisure.

This chapter presents key summary findings from this research. A more detailed examination of Australians' engagement with the digital economy is outlined in the ACMA's *Communication report 2011–12* series, *Report 2—Australia's progress in the digital economy: Participation, trust and confidence*.

Australians engaging in the digital economy

Australians are undertaking social and economic activities online more often, indicating that the internet is an integral part of daily life. Adoption and use of the internet are critical indicators of the growth and health of the digital economy. Use of the internet is now mainstream, with 14.3 million Australians aged 14 years and over (77 per cent of this group) going online during June 2012 compared to 13.5 million (73 per cent) during June 2011.[2] Key measures of online participation are shown in Table 5.1.

Table 5.1 Key digital economy progress indicators

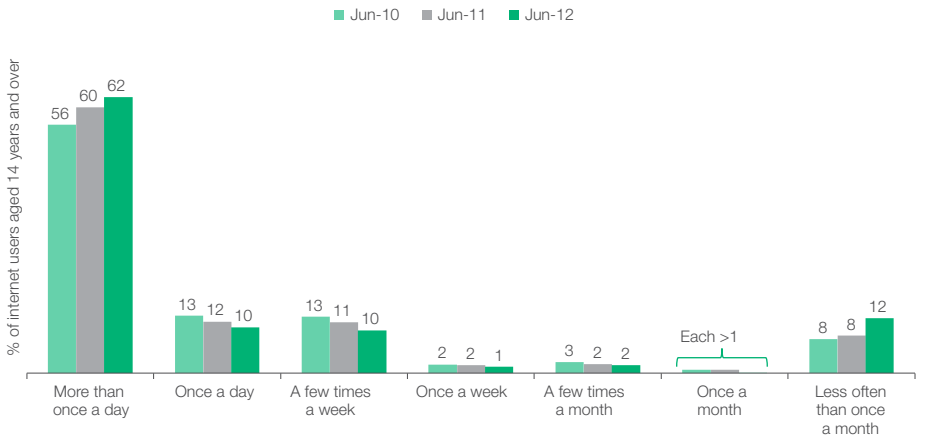
Indicators	Jun-11	Jun-12	% point change
Australians online*			
Ever used the internet	91%	93%	+2
Used the internet outside of the home	58%	58%	nil
Mobile phone internet use during June	21%	32%	+11
Heavy internet users (>15 hrs a week), as a % of total population during June	37%	40%	+3
Internet users online activities during June			% change
Communications	10.08 m	11.18 m	+11%
Research and information searches	10.19 m	10.97 m	+8%
Banking or financial activities	9.14 m	9.65 m	+6%
Buying, selling or shopping	6.16 m	7.81 m	+27%
SMEs online†			% point change
Using social networking channels for business§	18%	27%	+9
With a broadband connection	95%	95%	nil
Using smartphones	46%	63%	+17
Using tablet computers	16%	29%	+13
Email	96%	97%	+1
Banking	91%	91%	nil
Product and information research	91%	89%	–2

			% change
Number of '.au' domain name registrations at June‡	2.12 m	2.44 m	+15%
Value of internet commerce at June§	$189 b	n/a	n/a
Total volume of data downloaded (June quarter)‖	277,897 TB	421,147 TB	+51.5%
Average per subscriber‖	11.47 GB	14.92 GB	+30.1%
Average per subscriber (excluding mobile phone handsets)	25.14 GB	34.44 GB	+37%
Web traffic (activity occurring during June)#			
Number of web pages viewed	n/a	43.7 b	n/a
Average time spent online (hrs:mins)	n/a	81:34	n/a
Persons accessing main online news sites	n/a	12.27 m	n/a

m=million. b=billion. n/a=not available. TB=Terabytes. GB=Gigabytes.
**Relates to Australians aged 14 years and over.*
†Data at May 2012.
‡Excludes domain names registered under '.gov.au'.
§ABS defines internet e-commerce as the purchase/order of goods and services online regardless of whether or not the purchases were paid for online.
‖Includes mobile phone handsets.
#Due to a change in methodology, web traffic data prior to September 2012 is not comparable in this time series.
Source: Communications report 2011–12 *series,* Report 2—Australia's progress in the digital economy: Participation, trust and confidence.

As Australians have become more experienced internet users, enabling them to explore the benefits of going online, their online participation has also increased. Over the last three years, the number of Australians using the internet more than once a day has grown steadily from 56 per cent at June 2010 to 62 per cent at June 2012 (see Figure 5.1 below). This growth has been consistent across all demographics including age, income and location.

Figure 5.1 Frequency of internet use



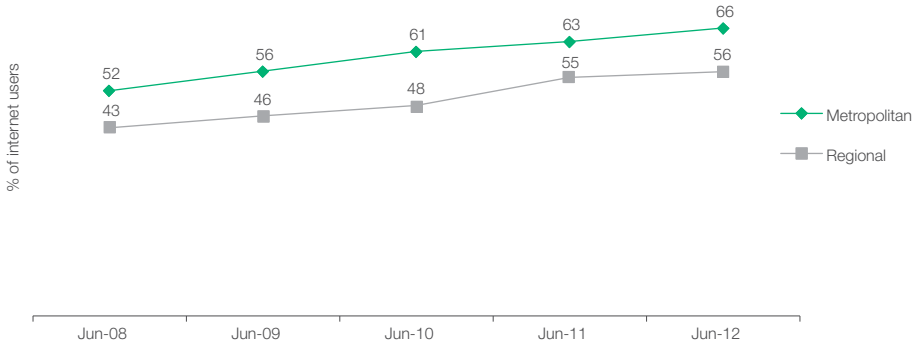
Base: Australians with or without telecommunications services in the home.
Source: Roy Morgan Single Source, June 2012.

Regional Australians are also participating in the online environment, although not to the degree of their metropolitan counterparts.

At June 2012, 66 per cent of internet users aged 14 years and over residing in metropolitan areas went online more than once a day compared to 56 per cent of Australians living in non-metropolitan locations (regional) at June 2012.

Over the last five years, the increase in Australians going online more than once a day has shown consistent growth in both metropolitan and regional locations, as shown in Figure 5.2.

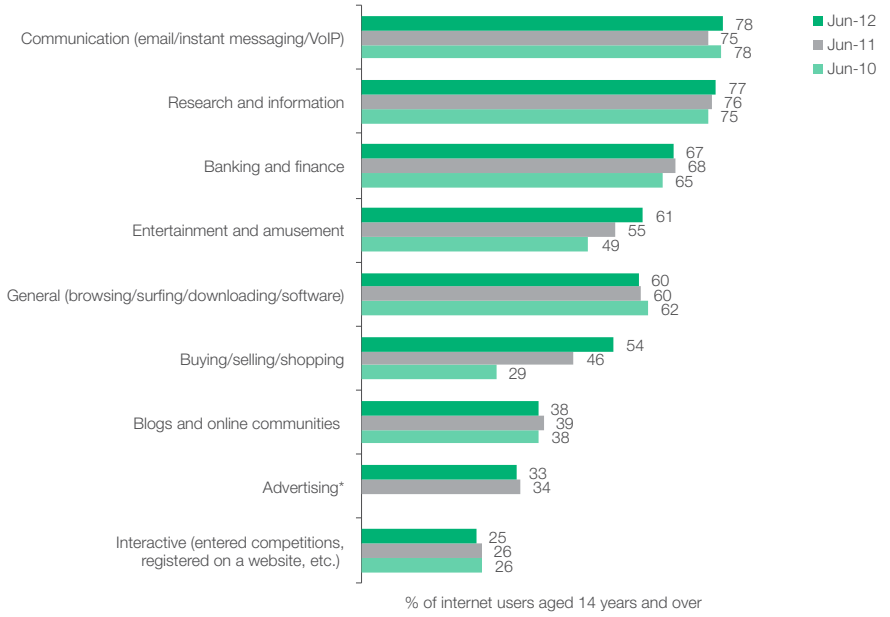
Figure 5.2 Australians going online more than once a day, by location



Base: Australians with or without telecommunications services in the home.
Source: Roy Morgan Single Source, June 2012.

Australians are becoming increasingly dependent on the internet for a wide range of activities including information, communication, and banking and financial transactions. For many, these activities have become essential to daily life and have proven increasingly attractive to Australians looking for flexibility, convenience, choice and cost and time savings. While research, information and communications demands have been the traditional mainstay of the online environment, the growth in service offerings relating to banking and finance, shopping, social networking and online digital media has enabled Australians to undertake a more diverse range of activities online. In particular, there has been significant growth in entertainment and amusement activities along with online shopping over the past two or three years (Figure 5.3).

Figure 5.3 Online activities undertaken at June



**Advertising activities data not available prior to October 2010.*
Base: Australians with or without telecommunications services in the home.
Source: Roy Morgan Single Source, June 2012.

In line with previous ACMA research, the most active internet users are those aged 18–44 years, who consistently have the highest usage for most online activities.[3] Levels of participation in many online activities are closely linked with age. For example, a higher proportion of those aged 14–34 years undertake entertainment-related activities online. Younger internet users are more active with online services such as instant messaging, while older internet users lean towards financial and transactional activities.

For further information on Australians' online activities, see the following ACMA reports—*The internet service market and Australians in the online environment* and the *Communications report 2011–12* series*, Report 2—Australia's progress in the digital economy*.

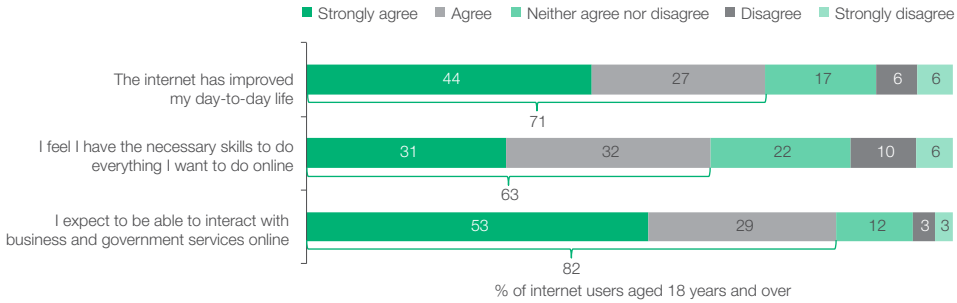
Consumer attitudes to online participation

Australians are increasingly embracing the internet and many see going online as a facilitator of everyday life. This is seen in Figure 5.4, which provides an overview of some of the attitudes Australians have about the internet.

Australian consumers highly value the ability to participate online, with almost three-quarters agreeing that it has improved their everyday lives. As access to, and use of, the internet increases, Australians are becoming more experienced and confident online participants. Just under two-thirds of internet users feel they have the necessary skills to do everything they want online. A small proportion of Australians (16 per cent) do not feel that they have the necessary skills or express concerns about participating online. This issue will be explored later in this chapter.

Australians now overwhelmingly expect to be able to deal with organisations online, with 82 per cent expecting to be able to interact with business and government services online. Research conducted by the Australian Government Information Management office (AGIMO) in December 2011 found that use of e-government channels for contacting government is now well established. Of those who made contact with the government online, 95 per cent found that contact to be useful.[4]

Figure 5.4 Australian consumers attitudes towards internet use



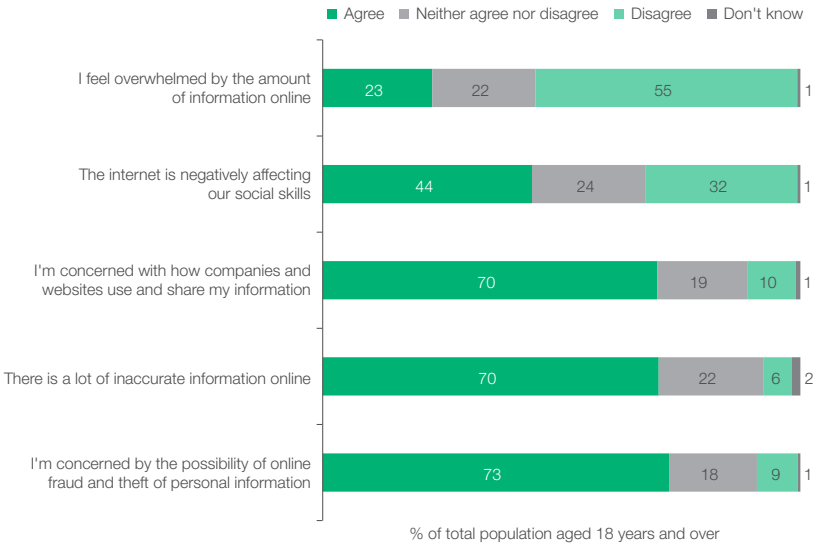
Base: Internet users with a fixed-line telephone and/or a mobile phone.
Note: Excludes 'Don't know' responses. Relates to Australian telecommunications users.
Source: ACMA-commissioned research, May 2012.

These attitudes are further reflected in the reliance people place on the internet, shown by the growing frequency of online participation (Figure 5.1), the variety of activities undertaken online (Figure 5.3) and the importance the internet plays in daily social and economic activities (figures 5.6 to 5.8).

Threats to consumer benefits from online participation

While online participation and the range of activities performed online is increasing, many Australians still lack trust and confidence in with the internet, when it comes to fraud, misuse of personal information and the level of accuracy of information (Figure 5.5). A lack of confidence in the online environment in these areas may pose a barrier to further development of the digital economy—a potential bottleneck to Australians realising the full benefits of online participation. The issue of trust and confidence in the digital economy is explored further in the second report in the ACMA *Communications report 2011–12* series, *Australia's progress in the digital economy.*

Figure 5.5 Levels of trust and confidence in the online environment



Base: Australians with a fixed-line telephone and/or a mobile phone.
Note: Some numbers may not add up to 100 due to rounding.
Source: ACMA-commissioned survey, May 2012.

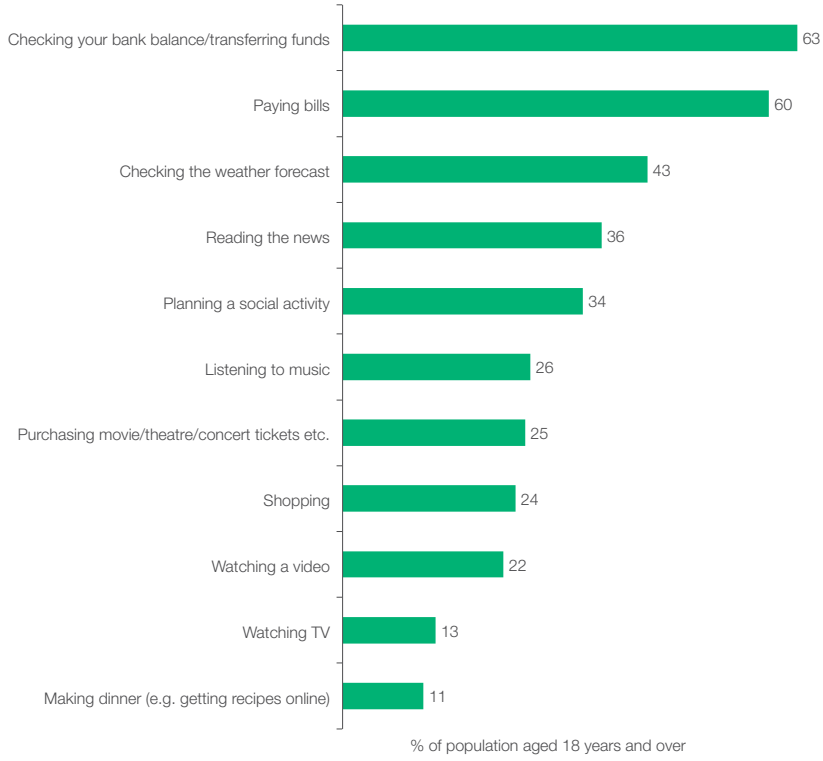
Importance placed on the internet in our daily lives

Most Australians highly value the benefits of being able to undertake social and economic activities online. When assessing the importance the internet plays in everyday activities, ACMA research shows that Australians rate the importance of some activities much higher than others.

Figure 5.6 shows that Australian consumers view the internet as more important for banking and paying bills than other surveyed activities. This is reinforced by previous ACMA research, which shows the increasing importance of online banking services in driving participation in the digital economy.[5]

While not rating them as highly as financial activities, a significant number of Australians also place considerable importance on the internet for other daily activities. In particular, checking weather forecasts, reading the news and planning social activities rated highly.

Figure 5.6 Australians rating the internet as important to undertaking selected daily activities

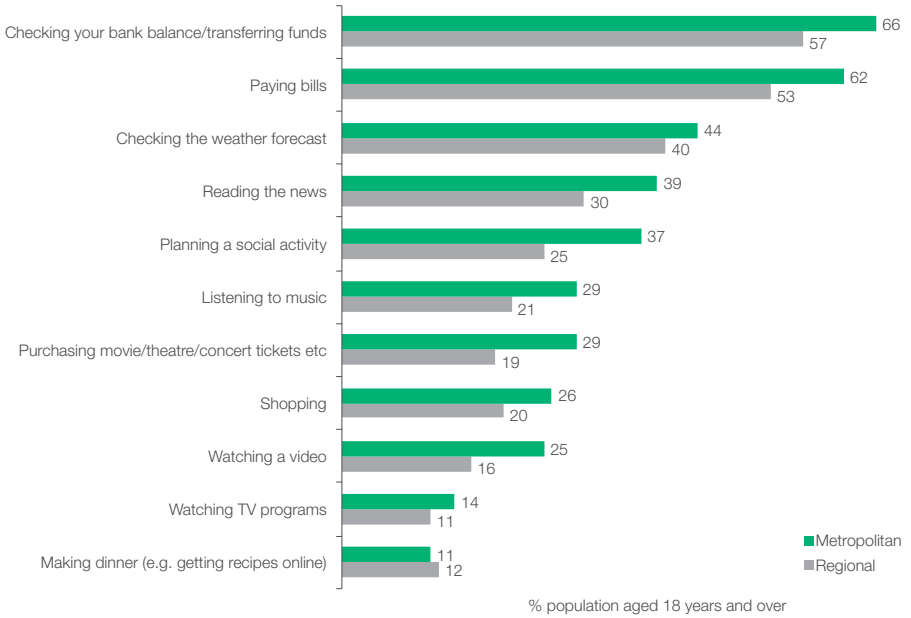


Note: Relates to internet and non-internet users.
Base: Australians with a fixed-line telephone and/or a mobile phone.
Source: ACMA-commissioned research, May 2012.

Importance placed on the internet in our daily lives, by location

On average, Australians living in metropolitan areas place more importance on the internet in undertaking their daily activities than do their regional counterparts. The difference in importance varied up to a maximum of 12 percentage points. Nevertheless, a significant proportion of people in regional areas also see the internet as an important facilitator of their everyday lives. This hierarchy of importance for selected activities was identified for both groups. For example, people in regional areas also placed most importance on undertaking financial activities online rather than other activities (Figure 5.7).

Figure 5.7 Australians rating the internet as important to undertaking selected daily activities, by location



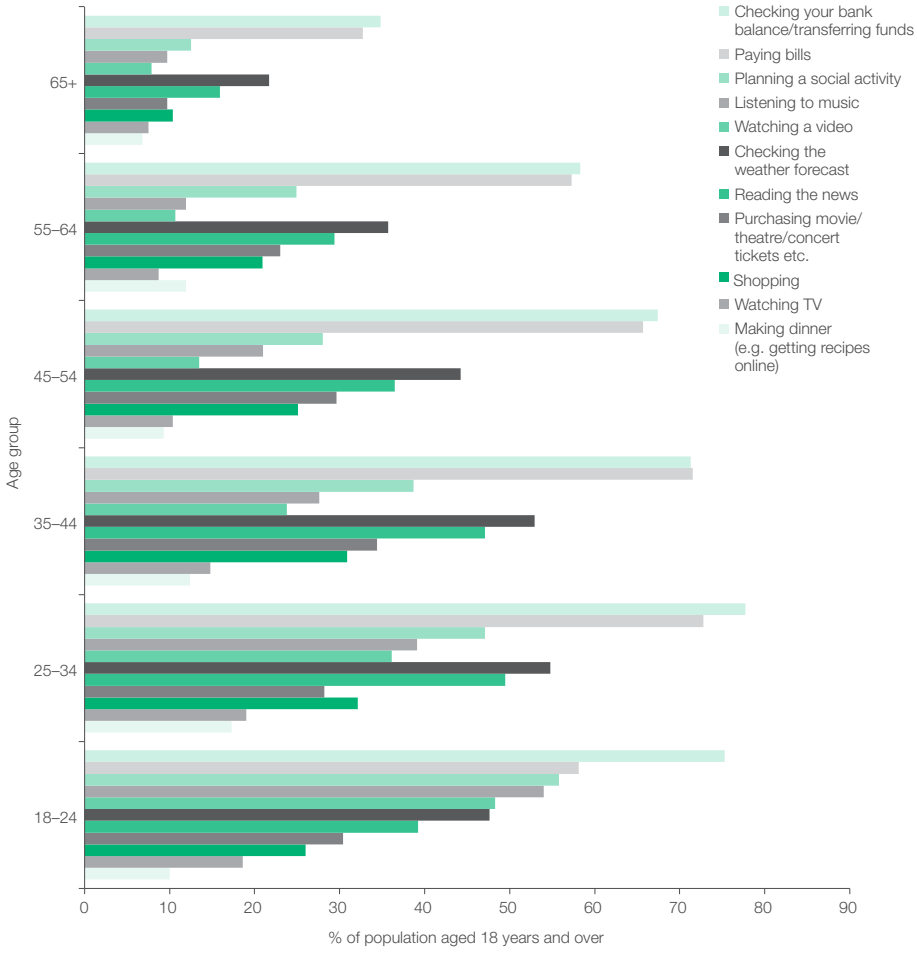
Note: Relates to internet and non-internet users.
Base: Australians with a fixed-line telephone and/or a mobile phone.
Source: ACMA-commissioned research, May 2012.

Importance placed on the internet in our daily lives, by age

The primacy of the internet in undertaking financial activities is further demonstrated by Figure 5.8, which shows that, regardless of age, the ability to check bank balances, transfer funds and pay bills online is perceived as the most important to our daily activities. This is despite older Australians having lower levels of internet usage. Overall, the level of importance placed on undertaking particular activities online is consistent across age groups with the exception of those aged 18–24.

Planning social activities online is more important for younger Australians, with approximately 56 per cent of people aged 18–24 years regarding the internet as important to planning their daily social activities.

Figure 5.8 Australians rating the internet as important to undertaking selected daily activities, by age



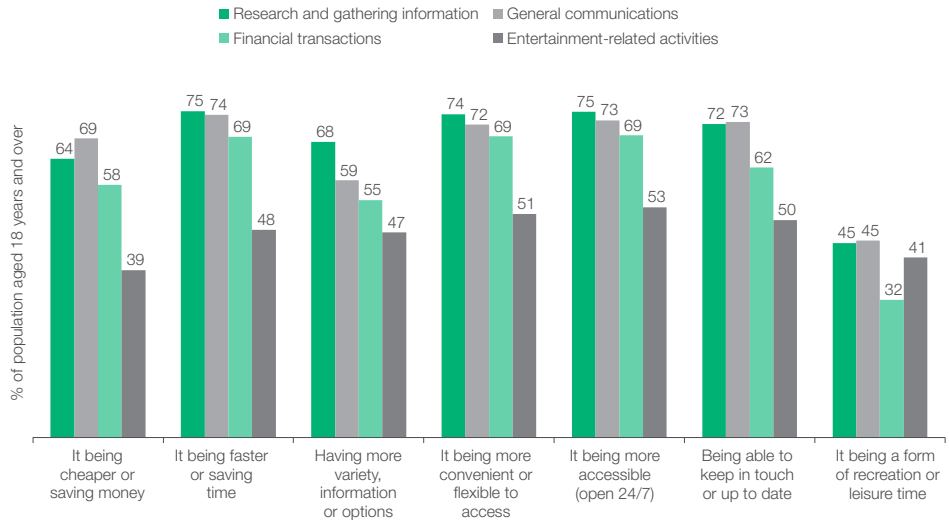
Note: Relates to internet and non-internet users.
Base: Australians with a fixed-line telephone and/or a mobile phone.
Source: ACMA-commissioned research, May 2012.

Consumer benefits from online participation

During 2012, ACMA researched seven benefits that may be gained from four online activities (see Figure 5.9), surveying the degree to which people valued these benefits. For each online activity, adult respondents (persons aged 18 years and over) were asked to rate their perception of the value of the benefit on a scale ranging from 1—*do not value at all* to 5—*value very highly*.

Overall, people most highly valued the increased accessibility, convenience and time-efficiencies associated with undertaking activities online. The ability to keep in touch or up-to-date was also rated highly. The activities most highly valued by consumers were research and gathering information, followed closely by general communications. Entertainment-related activities were in most cases rated lowest, possibly reflecting the social nature of entertainment and the preference for face-to-face contact.

Figure 5.9 Perceived benefits (or aspects) of the internet highly valued* by Australians



** Highly valued responses include respondent rating of 4—'value highly' or 5—'value very highly'.*
Base: Internet users with a fixed-line telephone and/or a mobile phone.
Source: ACMA-commissioned research, May 2012.

Endnotes

1 ACMA, *Communications report 2009–10* series, *Report 1—Australia in the digital economy: The shift to the online environment*, November 2010, www.acma.gov.au/WEB/STANDARD/pc=PC_312356.

2 Roy Morgan Single Source, June 2012.

3 ibid.

4 The Australian Government Information Management Office. *Interacting with Government. Australians' use and satisfaction with e-government services*, December 2011, www.finance.gov.au/publications/interacting-with-government-2011/index.html.

5 ACMA, *Communications report 2010–11* series, *Report 1—E-commerce marketplace in Australia: Online shopping*, November 2011, www.acma.gov.au/WEB/STANDARD/pc=PC_410225.

Glossary

2G	**second generation mobile telecommunications** Mobile telecommunications services that use digital techniques, providing voice communications and a relatively low transmission rate for data.
3G	**third generation mobile telecommunications** Broadband mobile telecommunications services supporting voice, video and data services.
ABC	**Australian Broadcasting Corporation** Free-to-air national broadcaster of ABC radio and television channels, as well as online services, funded by the Australian Government.
ABS	**Australian Bureau of Statistics** Commonwealth body responsible for collecting, analysing and publishing Australian demographic data.
ACCC	**Australian Competition and Consumer Commission** Commonwealth regulatory body with responsibilities derived from the *Competition and Consumer Act 2010* (formerly the *Trade Practices Act 1974*).
ACE	**Australian Communication Exchange** A national non-for-profit organisation that currently provides the relay component of the National Relay Service.
ACMA	**Australian Communications and Media Authority** Commonwealth regulatory authority for broadcasting, online content, radiocommunications and telecommunications, with responsibilities under the *Broadcasting Services Act 1992*, the *Radiocommunications Act 1992*, the *Telecommunications Act 1997* and related Acts. Established on 1 July 2005 following a merger of the Australian Communications Authority and the Australian Broadcasting Authority.
ADSL	**asymmetric digital subscriber line** A transmission technology that enables high-speed data services to be delivered over a twisted pair copper line, typically with a download speed in excess of 256 kbit/s, but with a lower upload data speed.
ADSL2	Allows for increased line speeds and new power-saving elements, and extends the reach of the original ADSL specification.
ADSL2+	This revised version of ADSL2 enables increased speeds by increasing the frequency range used on the twisted pair copper line.
AFP	**Australian Federal Police** Australia's national police force. The ACMA works with the AFP on email spam and illegal internet content such as child pornography that is hosted outside Australia.
AISI	**Australian Internet Security Initiative** Collects data on computers that are operating as zombies, analyses this data and provides free daily reports to participating Australian internet service providers (ISPs) on the zombie computers operating on their networks.
AMTA	**Australian Mobile Telecommunications Association** Association of mobile industry suppliers and manufacturers.
auDA	**.au Domain Administration** Organisation established to develop an effective self-regulatory regime for internet domain names in Australia.
ARPU	**average revenue per user** Income that is calculated by dividing a provider's total revenue by the number of subscribers or communications devices to that network.
bandwidth	The range of frequencies available to be occupied by signals. In analog systems it is measured in hertz (Hz) and in digital systems in bits per second (bit/s). Generally, the higher the bandwidth, the greater the amount of information that can be transmitted in a given period.

bit/s	**bits per second** Rate of transfer of data. See also **Gbit/s**, **kbit/s**, **Mbit/s**.
broadband	Typically defined as internet access with a download speed of greater or equal to 256 kbit/s. Broadband is implemented through a range of technologies such as optical fibre, DSL, HFC cable, mobile broadband, fixed wireless and satellite. Broadband is an 'always-on' technology that does not tie up a telephone line exclusively for data.
BSB	**broadcasting services bands** Parts of the radiofrequency spectrum dedicated to broadcasting services.
carrier	The holder of a telecommunications carrier licence in force under the *Telecommunications Act 1997*.
catch-up TV	Internet service typically provided on free-to-air and subscription broadcasters' websites enabling users to watch a recent episode of a television program over the internet for a limited period of time.
CEASA	**Commercial Economic Advisory Service of Australia** An information research company specialising in media, economic, marketing and advertising research, surveys and publications.
cloud computing	Internet-based computing where data and applications are hosted online, stored on remote servers and available to clients on demand through broadband internet-enabled devices.
Communications Alliance (CA)	Industry organisation formed on 1 September 2006 from the merger of the Australian Communications Industry Forum (ACIF) and the Service Providers Association Network (SPAN).
CSG	**Customer Service Guarantee** Standard providing for financial compensation to customers where requirements set out in the CSG Standard are not met.
CSP	**carriage service provider** Person supplying or proposing to supply certain carriage services to a customer, including a commercial entity acquiring telecommunications capacity or services from a carrier for resale to a third party. Under the *Telecommunications Act 1997*, internet and pay TV service providers fall within the definition of carriage service providers.
CTS	**Children's Television Standards** Standards designed to provide access for children (aged under 14 years) to quality television programs made specifically for them. The standards regulate timing and scheduling of children's programs and content of adjacent programming.
datacasting	A service that delivers content in the form of text, data, speech, music or other sounds, visual images, or any other form or combinations of forms, where delivery uses the BSB.
data rate	Volume of data able to be transmitted over a given period of time. Data rates are usually measured in bits per second.
data traffic	Volume of data transferred in both directions between a customer and his or her ISP. Data traffic is measured in bytes.
DBCDE	**Department of Broadband, Communications and the Digital Economy** Commonwealth department responsible for, among other things, communications policy.
DDA	***Disability Discrimination Act 1992*** Commonwealth legislation that makes discrimination on account of one's disability unlawful.
DEP	**Disability Equipment Program** A program for supplying people with disabilities with telecommunications equipment.
dial-up internet service	Service in which subscribers connect to the internet via a modem and dial-up software utilising the PSTN or an ISDN connection.
digital television	The transmission of television (audio and video) via digital signals, serving as a replacement technology for analog services.
digital radio	Method for the digital transmission of radio signals for digital radio reception.
DNCR	**Do Not Call Register** Register established by the ACMA that allows individuals to register their home and mobile numbers to opt out of receiving most unsolicited telemarketing calls and faxes, with limited exemptions for public interest organisations.
DSI	**domestic systems interference** Interference to the reception of radio or television broadcasting, usually in domestic premises.
DSLAM	**digital subscriber line access multiplexer** A network device generally located in a telephone exchange that connects multiple customer DSL interfaces to a high-speed digital channel using multiplexing techniques.
ECP	**emergency call person** Nominated organisation responsible for handling emergency calls. For calls made to Triple Zero (the primary emergency call number) and 112 (the international emergency number for GSM and WCDMA mobile phones), the ECP is Telstra. For calls made to the 106 text service (for people who are deaf or have a hearing or speech impairment), the ECP is Australian Communications Exchange (ACE).
EME	**electromagnetic energy** Energy in the form of waves having an electric and magnetic component.

ESO	**emergency service organisation** Organisation providing an emergency service—police, ambulance or fire service.
fixed-line telephone service	The delivery of voice services over a copper pair-based PSTN access network.
FLRN	**freephone and local rate number** Telephone numbers commencing with the digits 1800 (freephone) or 13 (local rate).
FM frequency modulation broadcast radio	A mode of radio broadcasting in which the frequency of the transmitted wave is modulated or varied with the amplitude signal. FM radio signals have good immunity to electrical interference and provide consistent quality reception during the day and night. The geographical coverage area varies, but can be up to 100 kilometres for a high-power FM transmitter. Radiofrequencies for FM broadcasts are expressed in megahertz (MHz).
Free TV Australia	Industry body that represents Australia's commercial free-to-air television licensees, and is responsible for developing and reviewing the Commercial Television Industry Code of Practice.
FSA	**field service area** One of 44 broad geographic regions in Telstra's fixed telephone network.
FTA TV	**free-to-air television** Broadcast television services where the signal is delivered without charge to the viewer.
GB	**Gigabytes** One billion bytes. Each byte is eight bits.
Gbit/s	**Gigabits per second** Data transfer rate of a billion bits per second. See also bit/s.
geographic numbers	Numbers used to provide access to local telephone services and related voicemail and facsimile services. Also known as local numbers.
GHz	**Gigahertz** One billion Hertz, where one Hertz is the measurement of frequency equal to one cycle of electromagnetic radiation per second.
GSM	**global system for mobile communications** The second generation mobile digital technology originally developed for Europe, but now used globally.
GPS	**global positioning services** A satellite-based radio navigation system that provides positioning, navigation and timing information. GPS is available to users on a continuous worldwide basis at no cost. It operates on most places on Earth where there is an unobstructed line of sight to four or more GPS satellites.
HDTV	A digital television broadcasting system with higher resolution than traditional television systems.
HFC cable	**hybrid fibre coaxial cable** Transmission links consisting of optical fibre on main routes, supplemented by coaxial cable closer to the end user's premises.
INHOPE	**Internet Hotline Providers in Europe Association** International forum for internet hotlines to exchange information and experience. Member hotlines deal with complaints about illegal internet content, particularly child pornography. The ACMA is an INHOPE member.
interception	The interception of telecommunications services for the purpose of law enforcement and national security.
ICT	**information and communications technology** Any device or application used for communications.
IP	**internet protocol** The key member of the internet protocol suite, it operates at the logical network layer and provides for the end-to-end delivery of packets through the internet.
IPND	**Integrated Public Number Database** Database of number, name and address information about customers of telecommunications services in Australia, for all carriers and CSPs.
IPTV	**internet protocol television** High-end multimedia services such as television, video and graphics delivered over managed IP-based networks that provide an acceptable level of Quality of Service (QoS)/Quality of Experience (QoE), security, interactivity and reliability.
ISP	**internet service provider** A CSP offering internet access to the public or another service provider.
KB	**kilobyte(s)** A thousand bytes. See also **byte(s)**.
kbit/s	**kilobits per second** Data transfer rate of 1,000 bits per second.
local numbers	See **geographic numbers**.

low-impact facilities	Communications facilities that are considered to have a low impact on their environment. They include underground cabling, small radiocommunications antennas and dishes, in-building subscriber connections and public payphones. The *Telecommunications Act 1997* provides carriers with immunity from state and territory planning laws for the installation of 'low-impact' facilities.
MB	**Megabyte(s)** One million bytes.
Mbit/s	**Megabits per second** Data transfer rate of one million bits per second. See also **bit/s**.
MHz	**Megahertz** One million Hertz. See also **GHz**.
the minister	**Minister for Broadband, Communications and the Digital Economy** Minister responsible for the ACMA and its governing legislation, and the legislation that the ACMA administers.
MMS	**multimedia messaging service** Mobile telecommunications data transmission service for sending messages with a combination of text, sound, image and video to MMS-capable handsets.
MNP	**mobile number portability** Portability for mobile phone numbers. See also **number portability**.
MPS	**mobile premium services** Content information and entertainment services delivered to a mobile phone that includes both premium SMS/MMS and mobile portal services.
MVNO	**Mobile Virtual Network Operator** A mobile service operator that does not have its own licensed spectrum and does not have the infrastructure to provide mobile service to its customers. Instead, MVNOs lease wireless capacity from pre-existing mobile service providers and establish a brand name different to that of the provider.
National Classification Scheme	A cooperative arrangement between the Commonwealth and the states and territories, under which the Classification Board classifies films (including videos and DVDs), computer games and certain publications.
NBN	**National Broadband Network** The future national wholesale-only open access data network in Australia offering high-speed broadband to all Australian premises using a combination of fibre-optic cabling and next generation high-speed wireless and satellite technologies. The NBN is intended to be made available to 93 per cent of homes, schools and workplaces with optical fibre; the remaining seven per cent of the population will have access to next generation fixed wireless and satellite technologies.
NCD	**nominated carrier declaration** Declaration made by the owner of a telecommunications network unit (facilities or infrastructure for delivery of telecommunications services) nominating a licensed carrier that will be responsible for the specified network unit.
NEDE	**new eligible drama expenditure** Expenditure on new Australian or New Zealand television drama programs to meet content requirements that support the local television industry.
non-dial-up subscribers	Subscribers with permanent and 'always-on' connections to the internet using various technologies, including optical fibre, DSL, cable, mobile broadband, fixed wireless and satellite.
NRF	**Network Reliability Framework** Requirement on Telstra (since January 2003) to provide regular reports to the ACMA on the reliability of its fixed-line services, and to remediate the network in areas with particularly poor performance.
NRS	**National Relay Service** Provides access to the standard telephone service for people with a hearing or speech impairment through the relay of voice, modem or TTY communications. Operates as a translation service between voice and non-voice users of the standard telephone service.
number portability	Arrangements allowing customers to transfer their telecommunications service from one service provider to another without changing their number. Number portability is available for local numbers, freephone and local rate numbers, and mobile numbers.
pay TV	See **subscription television**.
payphone	A public telephone where calls may be paid for with coins, phone cards, credit cards or reverse charge facilities.
portability	See **number portability**.
post-paid	A contract under which a user is charged on a periodic basis, depending on service usage during the previous billing period.
premium-rate services	Content services accessed on numbers with a 190 prefix, where the cost of the call, including access to the content, is included on the customer's telephone bill. Content includes sports results, weather forecasts, astrology services, competition entries, dating contact and telephone sex services. Premium-rate services include SMS as well as voice, fax and data.

prepaid	A contract system by which users pay an amount up-front to purchase a certain amount of usage or credit.
priority assistance	Service for people with a diagnosed life-threatening medical condition entitling them to faster connection and fault repair of their fixed-line telephone service.
PSTN	**public switched telecommunications network** Public telecommunications network to provide telephone services to subscribers.
RBBP	**Regional Backbone Blackspots Program** Part of the NBN rollout, the RBBP provides infrastructure to create backbone links. It has been rolled out to six priority locations in regional Australia.
RCI	**radiocommunications interference** Radio emissions that interfere inappropriately with a radiocommunications receiver or service.
RCMG	**Register of Controlled Media Groups** The register, maintained by the ACMA, lists the media groups in each licence area, the media operations that form part of a group and the controllers of those operations.
RVA	**recorded voice announcement** A pre-recorded audio message played to listeners; for example, the message now played to all callers to the Triple Zero (000) emergency service.
SBS	**Special Broadcasting Service** Free-to-air national radio and television broadcasting service providing multilingual and multicultural programs that inform, educate and entertain all Australians and, in doing so, reflect Australia's multicultural society. The SBS Online service also provides additional multilingual content through the internet.
STB	**set-top box** Most commonly used for televisions, a STB connects and converts an external signal source to a signal that may be used by a TV set.
SIO	**services in operation** The number of services provided by a telephone company at a particular time. The term is used in the context of both fixed-line and mobile services.
smartnumbers	Specified freephone (1800) or local rate (13 or 1300) numbers allocated by auction and considered desirable because they can be translated to a phoneword or they have a memorable pattern.
smartphone	A mobile phone built on a mobile operating system, with more advanced computing capability and connectivity.
SMP	**standard marketing plan** Approved plan submitted by the universal service provider of how it will meet the universal service obligation. See also **USO**.
SMS	**short message service** Mobile telecommunications data transmission service that allows users to send short text messages to each other using a mobile handset.
spam	Unsolicited commercial electronic messages that are sent by email, SMS, MMS and/or instant messaging.
standard telephone service	The telecommunications service defined as a carriage service providing voice telephony or an equivalent service that meets the requirements of the TCPSS Act and the DDA.
subscription television	Service providing access, for a fee, to television channels transmitted using cable, satellite or terrestrial microwave.
take-up	Adoption of a service or product by users.
three-way control	An unacceptable three-way control situation exists in relation to the licence area of a commercial radio broadcasting licence (the *first radio licence area*) if a person is in a position to exercise control of a commercial television broadcasting licence where more than 50 per cent of the licence area population of the first radio licence area is attributable to the licence area of the commercial television broadcasting licence; and a commercial radio broadcasting licence where the licence area of the commercial radio broadcasting licence is, or is the same as, the first radio licence area; and a newspaper that is associated with the first radio licence area.
TIO scheme	**Telecommunications Industry Ombudsman scheme** Industry-funded independent dispute resolution service, established in December 1993, for consumers unable to resolve complaints with their telecommunications carrier or CSP (including ISPs).
trigger event	Relates to commercial regional radio licences and includes a transfer of a licence, formation of a new registrable media group that includes a regional commercial radio broadcasting licence, or change of controller of a registrable media group that includes a regional commercial radio broadcasting licence.
TTY	**teletypewriter** Telephone typewriter that allows communication to be typed after a call is connected, enabling people with a hearing or speech impairment to use voice telecommunications. Calls can be connected to another TTY user or relayed and translated to voice by the NRS.

ULL	**unconditioned local loop** Use of unconditioned copper wire pairs between a customer's local exchange and his or her premises.
URL	**uniform resource locator** A unique address for accessing information and services over the internet.
USO	**universal service obligation** Obligation under the TCPSS Act to ensure that standard telephone services, payphones and prescribed carriage services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business.
USP	**universal service provider** A nominated provider who receives government subsidies to provide a necessary service. Telstra is the primary USP and is responsible for fulfilling the universal service obligation throughout Australia.
VoIP	**voice over internet protocol** The transport of voice traffic inside IP packets over an IP network.
WiMAX	**Worldwide Interoperability for Microwave Access** The IEEE 802.16 standards for broadband wireless access networks for multimedia applications with a wireless connection.

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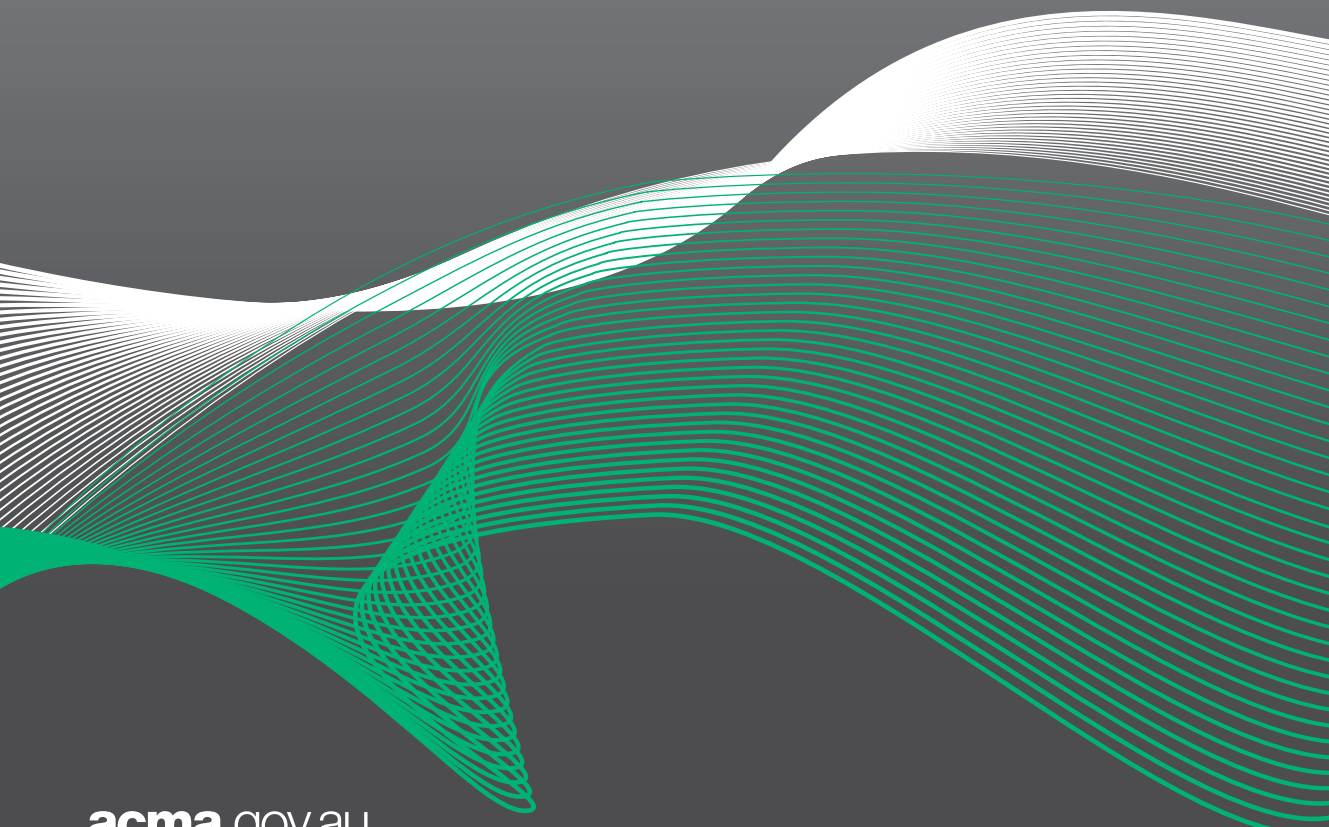

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